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THE BALANCE OF POWER IN SOCIETY

IN their zeal for bedeviling the world, the Communists are confounding the traditional democrats by taking over their slogans and insisting that they (the Communists) are more "democratic" than the traditional democrats. They promise the individual a higher standard of living, a greater share of the goods of this world, a true "people's peace", and a surer felicity. The democrats of the older tradition can only answer that the Communists' offer is spurious and the promise false, that under the new dispensation the individual would be poorer in worldly goods and lose his freedom in the bargain. But if the argument seems to put the traditional democrats on the defensive, it is because they and the Communists as well draw their inspiration from a common source of ideas and beliefs—only that the Communists insist that the traditional democrats are betraying the faith. The difficulty lies in the fact that they both aspire to felicity, both believe in continuous progress, both have the perfectibility of man as an inherent assumption, and both assume that the perfect world is identical with a static one. The economists' ideal of "perfect competition" and the Communists' ideal of a "classless society" are bastard children of the same aspiration for an immutable social order. The hope of the perfect state and the perfect man lies in both traditional democratic and Communist prescription, for in both there is the assumption of a completely malleable universe, so pliable to the human will that it can be forced to yield to the design men have framed for it. The traditional democrats

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would achieve their ends by individual, the Communists by collective, action. But such an assumption of a world completely malleable to the will of man is neither consonant with the nature of society, nor an adequate accounting of the rôle man plays within it.

Society is not completely malleable to the hand of man. On the contrary, society is possessed by a series of irreducible institutions, perennial through time, that in effect both describe man and define the basic rôle he plays. Even in his most primitive state man is always and only found in a community. We do not know him in isolation. More than that, we always find him possessed of a language, for without it he could not symbolize the universe about him, and if he could not do that he would not be a man. But he is not merely a member of a community. The antithesis between man and society is, like so many other intellectual constructions, a delusive and, in fact, a mischievous simplification; for every society, even the most primitive, is always possessed of a number of institutions, organic to the society itself. The family, the church and the state, to mention only the most obvious, are inherent in the pattern, inclusive in their claim upon the individual, and each in turn the visible structuring of an incommensurable experience. Man, as we know him, is therefore not merely the product of society, he is the very child of a complex institutional system that conditions his survival and sets the stage for the drama of life itself. These institutions, prevailing through time, manifest themselves in almost infinitely variable forms, but always fulfill the same rôle—the structuring of incommensurable human experiences and needs, and giving them a visible rôle in the culture. The family, in all of its innumerable designs and complexities, has always fulfilled the task of rearing the children, educating and preparing them for incorporation into the larger community. The community may have been savage, primitive or civilized, simple or complex, sedentary or wandering, organized into small villages or great nations; but always a well-defined series of relationships, responsibilities, commitments and expectancies defined how and by whom the children were to be cared for, brought up and instructed. The family may have varied in form and

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size, but it always fulfilled the same function in relation to the society. The very survival of the society itself was conditioned by the performance of these responsibilities.

If the family has persisted through time, so has the church. The church is here defined as that series of experiences, beliefs, attitudes, taboos and practices that, taken together, give man a sense of identity within the universe, for he has always had an implicit or explicit description of the world and of his place in it and has always had a pattern of behavior that symbolized that relationship. The religious, like the family, experience is incommensurable with any other. The mystical Chichicastanango Indian, who ascends the church steps, sometimes on his knees, swinging an incense burner, and, once inside, bows before his special saint, spends an hour talking to him, arguing with him, pleading, begging, or, in angry gesticulation, almost shouting, and sometimes in excitement throwing the rose petals he has brought, up at the saint as if in defiance, then humbly kissing the saint's feet, lighting a number of candles in front of him, and, as if that were not enough, asking permission from one or another group of Indians, who are kneeling and praying in some specially sacred spot, to join them in their devotion—that Indian can find only in the church the embodiment of his faith. This sense of humility, isolation and loneliness in the world can find strength and peace only through a constant series of acts and practices that make for a sense of continuous contact between man and the unknown. The church has fulfilled this rôle in the life of man from the beginning, and, in the nature of the case, this function could be fulfilled by no other institutions. Like the family, it has survived a thousand different cultures, and in each of them in varying form fulfilled the same inevitable and organic need—of giving life meaning by making man a part of the universe.

If the family and the church have proved perennial in the experience of man, so has the state. In one or another of a thousand variables, the state has performed the same basic function—the defense of the community against outside enemies, and the maintenance of a semblance of peace internally. The effectiveness of the state has varied, but the expectancy, the

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habit, and the implicit or explicit structuring of society to perform these ends have been conditions of social survival. The inner patterning that defined the responsibility for the fulfillment of these necessary tasks has called into being a great variety of types of state, but, regardless of the structure, the essential need and experience which it embodied have remained the same.

If the institutions have always been multiple and proved irreducible, it is because the experiences they embody are incommensurable. They have been, however, not merely multiple and irreducible, but also competitive. Each of the institutions in its own inner logic tends to be all-embracing, laying claim to the entire man, and showing an impelling tendency to assume all responsibility for the governance of society. A glance at the rôle of any one of these institutions under conditions that favored its full development will illustrate the issue in hand. If we take the European church at the height of its power, how vast is its rôle, and how varied its responsibilities. What was there that did not fall within the province of the church? From the time the child was born—or even before that, because marriage could take place only within the church—to the time the man was buried, because he could be buried only by the church and in a cemetery sanctified by the church, the individual lived within the orbit it prescribed. His beliefs were inculcated by the church; his morals, ethics, politics, law, theology and philosophy came to him at the hands of the church. In his social life, the church defined his holidays, saints' days, and prescribed the form and character of the festivals; it influenced the games he played, the dress he wore, the food he ate. In his economic life, it imposed a tax (one-tenth) upon his income, it defined the permissible and nonpermissible in business activity—such as limiting the rate of interest—it influenced property distribution by abstracting part of the property from the ordinary tax laws, by accumulating property and removing it from private ownership and from the market, by collecting money for the building of churches, monasteries, cathedrals and convents. In law, it claimed through the development of the canon law an increasing rôle in defining and punishing a great

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variety of civil and criminal acts. In politics it took on the rôle of crowning kings and freeing subjects of their allegiance to the crown—thus actually playing the part performed by a revolution. It was the great patron of the arts—painting and music were influenced by the church and performed for its greater glory. The church set the style in architecture. Its many cloisters, monasteries and colleges became the centers of learning, and all learned men were beholden to it, and lived their scholarly life within its folds, both physically and spiritually. The church, too, was the great source of social welfare: the hospitals were under its control and staffed by special groups of trained nurses organized in religious orders; it supported orphan asylums and homes for the aged; the unfortunate—the weak, the blind, the lame and the poor—found refuge under its roof and succor in its establishments. Nothing in the society went on outside the orbit of the church.

If we turn now to examine the contemporary state, it is clear that it lays claim to all the mundane responsibilities, prerogatives and powers once exercised by the church. The state, like the church, casts a protective mantle over the individual before he is born by insisting that it alone can legitimatize a child by marriage, and by imposing, normally, very serious handicaps upon the illegitimate. Marriage can be performed only by persons licensed by the state and upon the payment of a fee legally prescribed. The child can be attended at his birth only by a midwife, nurse or doctor licensed by the state; and the state assumes powers over the child in case of neglect or incompetence of the parents. In certain extreme cases it can take the child from its parents and raise it at public expense, farm it out, or permit its adoption by foster parents. At a tender age the state compels the child's attendance in school, prescribes the course of study, trains, licenses and pays the teachers, provides the buildings where the instruction is given, chooses the textbooks the child may read, maintains a clinic to guard the child's health, and may even provide food, not to mention transportation to and from the school. It specifies and attempts to control the ideas in which the child may be reared and the essential loyalties with which he is to be endowed.

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The state, like the church in an older day, influences what the individual may or may not do, the amount he can earn, the profession he may follow. The range, number and variety of rules by which the state shapes the economic activities of the individual are almost beyond enumeration. They include the kinds of vocational, professional and cultural training offered in schools, the multiple systems of licensing, degrees and examinations which determine competence for the earning of a living as a doctor, teacher, lawyer, engineer, or chauffeur—for one cannot even drive a car without an examination and a special license. The state licenses the butcher, baker and candlestick maker; and the beggar must have his official tag before he can exhort the passer-by to remember the virtue of Christian charity. The state influences and limits what a man may earn by open and hidden systems of taxation, such as tariffs, quotas, income and consumers' taxes. It limits or encourages production, it grants patents, it controls prices, it prescribes the rate of interest, it withholds or grants credit, and it interferes in the commercial relations between men by prescribing forms of contracts and by forcing upon the banks specified policies intimately affecting the economic relations between men. It sets limits to the transfer of property from parents to children by inheritance taxes, fixes wages and hours of labor, directly or indirectly influences prices, prescribes the permissible in food distribution, thus affecting the diet by a whole scheme of regulations governing the production, sale and distribution of foods and drugs.

So, too, in the social life of the individual, it sets limits to the permissible in styles and behavior by laws prescribing what is or is not decent; it censors movies, plays and the printed word; it licenses public halls and amusement places; it watches over family relations, interferes between parents and children, and between man and wife; it attempts to control gambling, drinking and extra-legal sex relations. The universities have fallen to the state; so have the hospitals, infirmaries, orphan asylums and homes for the aged. Even charity has become a function of the state on a large scale, and the poor, the weak, the halt and the

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blind, once the concern of the church, have now become a special province for the exercise of those efficiencies and skills that come under the heading of a "Department of Public Welfare".

The state, too, like the church of old has become a patron of the arts; and public buildings are decorated, sometimes with surprising results, by artists hired at public expense. The state provides public concerts, supports the opera, and finances national, state or city orchestras. In many places, the entire range of aesthetic and artistic education is in the hands of the state.

This cataloguing could go on indefinitely, for there is nothing in the life of man upon which the sovereign state does not lay a claim, or with which it does not in effect interfere. It is perfectly clear that what the church took for its province in the past, the state has now taken for its own; and modern means of communication and control have probably increased the "efficiency" and minuteness of the state's interferences.

But these supervisory and all-embracing claims upon man have been, and in places still are, exercised by the family, where the family is powerful enough. When conditions have been propitious, the family, as in China, in certain parts of Brazil, in Scotland, or even in Kentucky, has had an inclusive influence in shaping the destiny of the individual. The powerful family, as we know it, in a hundred different places and at different times has claimed for itself a complete control of the individual. Such a family is always large, possessed of innumerable relatives, associates and dependents. Through intermarriage the family name is spread over an entire province, and none there are who dispute it in its own territory. If the state is strong enough to name a governor for the province, he is always a member of the family. The local militia is in the hands of the family, the judge is a relative, and the tax gatherer, if he dare show his face, closely related. All of the economic activity of the region is in the family's hands. The priest is some promising and likely son purposely trained to fill that post to the family's great honor. The church is built on family ground, at family expense, and the priest receives his stipend at the family's hands.

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The stranger is an outsider, an itinerant soul who lives in the area or passes through the family's domain by special sufferance. The law, justice, order and social disciplines are within the hands of the family, and younger children are sent to school, married, put to vocations, and allotted their places as a matter of course. The more distant relatives and retainers find their rôle within the pattern and accept it as part of the immutable rule of life itself. In innumerable instances, in many parts of the world, membership in such a family was all the honor a man needed, and it exacted and received a devotion as great as that ever received by church or state. There was a time, and not so very long ago, when one would rather be a member of one of the great Scottish clans—a Douglas, for instance—than a native of Scotland itself. Just as the church and state have at different times encompassed the individual from cradle to the grave, and prescribed his spiritual as well as his material destiny, so the family, too, in its turn has played the same historical rôle.

These perennial institutions, structured about the incommensurable experiences of man, all in their turn claim him as their own. He is a member of each of them and cannot escape them. The very content of life is found within their framework, and their claim upon it is in each case a total claim. Quite without deliberate intent, these institutions in turn, in the unplanned insistence to fulfill the need represented by the unique experience around which they are structured, tend to embrace all of the life of man. They compete not merely for his loyalty, but also for the exercise of the innumerable responsibilities and functions, and the satisfaction of the innumerable needs and aspirations that the life of man generates in a living world. The difficulty lies in the fact that the field, though it be complex, is limited, and that whatever one institution performs, and takes upon itself to perform, is at the expense of another. When the state takes over the educational system, it takes it away from the church; and when it takes upon itself the right to compel the schooling of the children, it takes the power of decision away from the family. What is true of education is true of marriage, what is true of sumptuary rules is true of the care of the

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young and the old. Every time the state assumes a new responsibility previously exercised by another institution, it is at the expense of that other institution in a material as well as a spiritual sense. As the state grows strong, the church and the family grow relatively weak; and as the church or family is strong, the other institutions are relatively weak.

These institutions, all at the service of man, are competitive with each other, and the conflict between them is, in fact, irremediable. Institutional friction and instability are, therefore, the normal state of society, and the hope of peace and quietude is an idle dream. Competition, imbalance and friction are not merely continuous phenomena in society, but in fact are evidences of vitality and "normality". They reveal a healthy competitive institutional relationship in which no one is permitted completely to dominate the scene; for, in the circumstances, the peace represented by the dominion of one institution over all of the others is unhealthy, is evidence of lack of resilience on the part of the other institutions, and is a sure sign of a spreading tyranny. The formal peace represented by the power of one institution over all of the others is synonymous with death. It is no accident that Hitler undermined the family and the church, and stripped them of all those functions that described them as family or church. It is no accident, because tyranny is the child of the preponderance of one institution over all of the others. Complete suppression and destruction of the other institutions have never occurred, and, in the nature of the case, cannot occur, for the experiences these institutions represent are both irreducible and incommensurable. But if these institutions cannot be completely suppressed, there is ample historical evidence that one or another can be so weakened that resulting imbalance manifests itself as tyranny, and ends—as it always has—in violence, convulsion, revolution and, in the current scene, in war between nations. The weakening of the other institutions normal to a healthy society seems to be accompanied by a series of political passions and moral perversions that distort the simple values consistent with a balanced social order, and the consequent disorder seems to become all-embracing.

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But if instability, competition and friction between the institutions are inevitable and continuous, what happens to the theory of progress? It is evident that the state progresses at the expense of the church and the family, the church at the expense of the state and the family, and the family at the expense of the other two institutions here under consideration. There is no way in which all of the institutions can grow—that is, increase the range of their activities and influences at the same time. The contemporary "progress" of the state and its increasing absorption of the activities and the functions of the other institutions natural to man and society are steadily reducing the rôle of these other institutions in society.

What is now said about the state could in times past have been said about either the church or the family. The balance between these institutions is always uneasy and always changing. Social "progress" as an all-embracing concept becomes a snare and a delusion. The easy self-delusion men indulge in—the happy tendency to assume that what men do now is better than what they did before, that contemporary slogans have some peculiar excellencies in them denied to slogans of yesteryear—makes it almost impossible for men whose heads have been filled from childhood with the gospel of "progress" to face the possibility that the "progress" they are making is at the expense of other institutions equally important to social well-being, and equally dear to the hearts of men.

The difficulty lies even deeper than this: it lies in the fact that for many generations men have assumed that "progress" is linear, is always going up, and is in its very nature all-inclusive and endless in time. It is another instance of the taking over of a seemingly acceptable description of what seems to occur in the sciences—the progressive accumulation of knowledge, skills, and insight into the ways of nature, and the cumulative competence to do better today the task done yesterday. The increasing effectiveness of weapons of war from the wooden club through the bow and arrow, the pike, the gun, the cannon, the machine gun, and the atomic bomb, each more efficient and more destructive, up to a point where the use of the atomic

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bomb might "progress" the very race of men from the face of the earth can be spoken of as linear progress in an endless chain toward infinite success. So too, perhaps, it can be said of the course of invention in transportation, where men began on foot, tamed and mounted a beast of burden, invented a wheel and constructed a carriage, a bicycle, an automobile, and more recently an airplane, each in turn increasing the distance he could span and reducing the time required to span it, until contemporary speeds are such that there is a possibility that a projectile hurled into space will travel with such speed that it will have reached its destination in a time span so small that its arrival and departure will seem simultaneous. This, too, may perhaps be described as linear progress, infinitely cumulative. The natural and comprehensible carrying over of these notions has obscured the issue that, material changes apart, institutional growth occurs only in a competitive institutional setting, and takes place only at the expense of other equally important social institutions. The concept, if it is to be used at all—and, in the Western world it would seem almost impossible not to use it—can only be made to mean movement toward equilibrium among social institutions. If each of the basic institutions is structured about an essential and noncommensurable experience, then the good life is possible only in a world where men can live at peace within all of the institutions organic to society, and progress could then come to mean progress in the method of reducing the area of imbalance that is always present. Though perfect equilibrium is not achievable, a working equilibrium is possible; and attainment of that might well be considered the great task of statesmanship, the true purpose of government, and the major problem of political theory and social ethics.

If the idea of progress becomes subject to profound modifications in the light of the irreducible friction between the basic social institutions, the nature of the rôle of property, so closely identified with the idea of social progress, is similarly subject to reconsideration. When the church is strong and growing stronger, then it accumulates, and has to accumulate, an increasing share of the wealth and income of the community. The

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building of churches, monasteries, hospitals, universities, orphanages and homes for the aged, their support and their staffing, and the hundred other obligations and functions which naturally fall to the church, when the church is a great and growing institution, call of necessity for a cumulative control of the available capital and income of the community. When the state grows powerful, it proceeds to absorb an increasing share of the property and takes it away from the other institutions. It takes it away from the church—by force if necessary—by diverting income from church sources, by syphoning off, through licensing and other means, of income that might and would have gone to the church, and, finally, it acquires it from the family, by taxation in a thousand ways—from a tax on cigarettes to inheritance taxes. If the state is going to support the schools, universities, hospitals, orphanages, old-age pensions and many other activities, it can do it only by securing for itself an increasing proportion of both the property and the income of the community. There is, in fact, no alternative to the process except not to assume such multiple responsibilities.

This process is, of course, also visible in the history of the family. Where the family is powerful and preponderant, it is rich and holds for itself all of the property that it can. There is seldom such a thing as a powerful and poor family. Power goes with responsibility, and responsibility with the exercise of infinitely variable functions; and that rule is conditioned by the possession of property and income. Property is instrumental to the institution. It is not a thing in itself. But if the major historical rôle of property is instrumental to the institution, then the economic interpretation of history, the theory of the class struggle, and the concept of dialectical materialism are all subject to reconsideration.

The continuous technological changes are important in their bearing upon the relative rôle of the various institutions, facilitating their growth or decline. While technology is not the only source of social change in the sense of enhancing the powers of growth of one institution against another—as, for instance, communication has clearly facilitated the growth of the power of the modern state—it is still a very important source of

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such change. To that extent, at least, it would seem true to say that a changing technology, leading to a changing position of the institutions in regard to each other, also affects the transfer of property from one institution to another; for the exercise of responsibility involves the accumulation of property, and the accumulation of property facilitates the increasing exercise of responsibility. This is, however, a very different thing from saying that a changing technology induces a changing class structure and a new kind of class struggle.

The very idea of the class struggle is subject to revision; for the concept is a verbal formula derived from older ideas inherent in European theology and has nothing to do with the description of industrial society, though it may have some reference to a more static agricultural community. It is a verbal construct fitting a preconceived notion of the nature of "progress", and has within it the commitment to historical inevitability. It is really a part of European theology translated into mundane terms.

If the idea of a horizontal division of society into classes is an inadequate description of social conflict, this does not deny that conflict exists both between the institutions and within them. Between the institutions the conflict is moral, psychological and political, for the guidance and governance of the whole man. Internally, within the institutions there is a many-sided contention which might be considered a conflict of numerous interests. But these conflicts are continuous and irreducible. There is the difference in the family between the old and the young, the well and the sick, the children and the parents, and the strife embraces all of the issues that life presents. Nor is there any way of writing finis to this internal strain. In the church the laity and the clergy, the upper hierarchy and the parish priesthood, and the different orders of the church as well are continously warring with each other. Here again the conflict is philosophical, moral and political, and not merely economic. There is always the question of how much and what kind of responsibility different individuals and groups within the institution should exercise, and on what moral ground their power can be justified.

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What is true of the family and the church is also evident within the state. The citizens are critical of the government, oppose its tax policies, resent conscription, and flout price control. The friction between the citizens and the state is continuous. Within the government itself, the civil servants are resentful of the elected officials, the younger bureaucrats condemn the older ones, and the departments compete for power, for an increasing share of the budget and for public influence. No department ever feels that it can fulfill its proper task with the money and personnel available to it. But the conflict here is not merely economic. It is also moral, political and ideological. Strife is within the institutions, but it is in the nature of a family quarrel.

In great part, this is the case in the contemporary struggle between labor and capital. The habit derived from Christian theology of stating differences in absolute terms has obscured the issues involved, and what is in effect an internal institutional conflict has been defined as a class war, predestined in its outcome. An internal institutional quarrel has been endowed with the qualities of a battle between good and evil, and the end of the drama has been so weighted that the good must win in the end as it does in fact in the Christian theology from which the original concept is derived in the first instance. The perennial quarrel, however, is really between both labor and capital within the larger institutions of the economy and the other institutions, that is, the family (parents and children), the church (laity and clergy) and the state (citizens and government). As the institution of the economy (labor and capital) has grown strong in recent times, it has been at the expense of the state, the family and the church. The issue has been obscured because the economy (labor and capital), unlike the family, the church and the state, has come to the fore as a separate institution rather late in human experience.

That fact, explicable historically, does not modify the basic character of the social structure or the inherent frictions. It merely adds another institution to the conflict, and by that much complicates the existing competition among them. The

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economy as an institution has achieved an independent rôle only in recent times because for untold centuries the activities which characterize it were immersed within the other institutions. From the very beginning—that is, from what we know of savage and primitive peoples—we find a complex body of accepted rules defining both the ownership of property and the performance of specified tasks. One might speak of an entire body of social legislation embodied in taboos denying the rights and duties of the members of the community, but the fulfillment of these obligations took place within the family structure, within the church, or within the state. It required many centuries, in most instances, before labor, ownership, commerce and industry were divorced from the other institutions and became separate activities governed by rules apart from those that governed the other institutions. Even in highly organized societies, like those of Greece and Rome, and the European cultures before the sixteenth century, and even later, the economy, if recognized as a separate and going concern, was but a fraction of the total economic activity of the society; for the greater part of labor, commerce, industry and ownership was still within the ordinary operational behavior of the other institutions.

The precipitation of the economy as a going concern, separate and apart, on a scale so broad as to enable it to mature into an institution in its own right, is largely the cumulative outcome of the Industrial Revolution, and it accomplished that by gradually taking from the other institutions functions which had hitherto been carried out within their orbit, and by increasing the number of men and women who lived a greater proportion of their lives, either as laborers, business men, industrialists or capitalists, outside of the other institutions, and beyond the rules natural to the other institutions. In fact, the mores of the other institutions in many instances did not apply to the activities of this new institution, and they did not apply partly, at least, because of the speed with which men and women were being loosened from their older moorings.

As it developed, this institution soon displayed all of the characteristics of the older ones. It began to apply sanctions and to

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demand loyalties all of its own. It developed a new series of motives for human activity. It took over, as far as it could, the education of men, women and children. It exacted special obligations and introduced new rules. It challenged the state, the family and the church, wherever these interfered with its own activities, and claimed for itself, as it grew stronger, rights and prerogatives inconsistent with the other institutions. Long before labor unions became powerful, it exacted from the individual and from the other institutions very much the same kind of moral commitments that labor is exacting from them at present. The large industry, corporation, trust and cartel, when they felt themselves powerful enough, challenged the other institutions to a point where it became a matter of self-defense on their part to find some means of controlling and confining the prerogatives which were now being insisted upon and exercised by this newcomer in the field of institutional structure. Long before labor unions became strong within the new institutions, the state, the church and the family waged a campaign and placed numerous restrictions upon it. The nineteenth and early part of the twentieth century are replete with the record of the agitation and resulting legislation in the name of the other institutions to restrict and put limits upon the now self-conscious and imperious economy.

The rise of the trade unions is in its essence an internal movement within the economy, just as much as a rebellion of the citizens against the state, or the laity against the church. From the point of view of the other institutions, their only concern with the economy as an institution is that production shall continue at an acceptable price and quality, and that in the process the economy shall not attempt to absorb the powers and activities essential to their ministration to man as a moral and psychological being. In the nature of the case, however, the quarrel continues today when the unions are strong, as it did yesterday when the industry was strong and the unions were weak; for the new institution makes the same claims against the others in the name of labor that it did previously in the name of capital. The unions now exact loyalty from their members as the employers did yesterday, the unions challenge

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the state, they expel members (just as the employers discharged them) with the same dire effect upon the individual where the union has a monopoly. The unions participate in politics, interfere with the family in numerous ways, attack the church if it does not support them (as the employers did yesterday), control income by setting wages, influence promotion through seniority (as did the employers), impose a tax upon their members, regulate the members' holidays and vacations, and influence their politics, ideas and ethics. The unions have become the patrons of " proletarian " art, literature and music, and, as in the other institutions, they have a whole process of supplying the reading materials and the ideas that their members are expected to acquire.

It will be said that the quarrel between capital and labor is chiefly economic. That is not really the basic quarrel, for the standard of living is ultimately determined by production, and if production is great enough it must, in an industrial economy, be distributed. If it is not distributed there is no market, if there is no market there can be no demand, and if there is no demand there can be no production. The quarrel between capital and labor within the economy is not primarily over production; it is over control. It is a conflict to determine what elements within the institution are to have the greatest influence in shaping the direction of the institution—a struggle that is characteristic of the other institutions, notably both the state and the church. The internal quarrel within the economy will go on for a long time; forever, in fact, even if the intensity of the passions that have been generated dies down, and even if the issues over which the quarrel rages will change. The real conflict is not between capital and labor. It is between the economy (capital and labor) and the other institutions, especially the state; for, if the economy continues as it has in recent years, it may take upon itself an increasing number of the powers, responsibilities and prerogatives now exercised by the state, and, if it does, it will behave toward all of the other institutions with the same arbitrariness and tyranny that both the church and the state have shown, when they were preponderant, against the other institutions.

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The social conflict is not the result of a dichotomy, as the traditional class-conflict theory would have it, between two forces that have an inevitable battle to fight, with a given side predestined to win and, in the process, to destroy the other. It is rather a conflict between multiple forces in which none can really win the battle—a battle to which no finis can be written—for conflict is part of the process of institutional life itself, and the end of the conflict would really signify the end of life itself.

That these broad issues in human society should have been reduced to the simple formula of a dichotomy between good and evil is one of the strange and remarkable chapters in the intellectual history of western Europe in recent times. The Marxian formula is a European product, steeped in European theology, that probably could not have originated in any culture except one in which there was acceptance, implicit or explicit, of the belief that between God and the Devil there is an eternal war, that God is destined to win the battle in the end, that no compromise with evil is possible, that the end can be achieved only by a cataclysm, and that, when the battle is finally over, history itself will terminate, for in a classless society, as in heaven, there can be no conflict and therefore no history. This quite unconscious commitment to a division of the universe into absolutes—labor and capital—with no basis of compromise between them, with labor as the predestined victor, as if destiny itself had conspired for that very purpose, with the revolution taking the place of the cataclysm, and with communist societies living in eternal felicity forever—progress itself seemingly coming to an end, except as continuous felicity—is really a translation to the mundane world of the underlying theology of the Christian doctrine, and calling it economics and science.

If this cultural setting conditioned the very theme, the Hegelian dialectic supplied an important intellectual tool to dialectical materialism. But dialectical materialism is only dialectical nonsense. The average Marxian adopting dialectical materialism to the use of the class war has assumed a universe in which any idea or force can have only one consequence, and

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that consequence its opposite—that is, assumed that all of the rest of nature is a vacuum, and only the thesis and the antithesis exist, waiting for the synthesis—the synthesis which in Marxian terms became the classless society. What is this but the transfer to the social sciences of such dichotomies from the moral field as right and wrong, good and evil, and from the physical sciences such notions as night and day, black and white, hot and cold, and the assumption that, in like fashion, just two opposites rule in all social phenomena? But the facts are completely different.

The consequences of any movement, idea or invention are beyond present conjecture or measurement, nor is there any way of deciding which of the many influences are likely to prove most significant. It would, for instance, be impossible either to enumerate or to describe with any certainty all the consequences of even so recent and innocent an invention as the automobile.

A universe in which there are only two opposite forces, one the product of the other, waiting for the synthesis, is a figment of the imagination, has no base in reality, and falsifies the nature of the world it would describe. The facts are completely the reverse. The forces of the world are numerous, complex and intertwined, and none there are so wise as to be able to untangle the one force that will reshape all of life. There is, in fact, no one force, process or movement. Each item is but a thread in a complex weave, tied in with all of the others. The synthesis need not be waited for, since it occurs each day, and the world is different with every sunrise—that is, the balance between the basic institutions is always shifting, and every event has its part in the changing process. In addition to its fallacy of assuming a vacuum wherein the thesis and the antithesis can work out their destiny, this notion suffers from the implicit idea that the synthesis, when it occurs, produces a state of perpetual rest. Like the doctrine of the class struggle which leans so heavily upon it, dialectical materialism is weighted with the wish for eternal rest—that is death.

If, then, an institutional analysis of society is incompatible with the concepts of dialectical materialism, and the idea of the

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class struggle, it also calls in question a whole series of political doctrines resting upon the antithesis of man and society that has for so long a time bedeviled political theory. There is need, in view of the above, for reconsideration of the doctrine of evolution as applied to society, of the concept of the harmony of interests, of the philosophy of inherent rights, of the principle of utility, and of the current belief that the nation is the great organizing principle. Instead, it follows that the great desideratum is the achievement of an approximate, even if ever-changing, equilibrium among the conflicting institutions. Strife is accepted as normal and as an evidence of social health, and, therefore, as a social good. It denies to any institution the power completely to destroy the other institutions, therefore putting a limit upon its ambitions to secure absolute dominion and absolute peace, which is here identified with tyranny. If the impossible should happen and one institution destroyed the others, it would have to assume their rôle, for they are structured about an incommensurable experience, and, therefore, willy-nilly re-create the divisions and strains which it sought to eliminate. Compromise becomes the true rule of politics. No interest can be absolutely denied, no victory can be absolutely complete. All majorities become temporary, all reforms become conditional upon the survival of active opposition, and, by the nature of the case, all government comes to be concerned with the details of the relationships among institutions.

Revolution is therefore the result of the excessive power of one institution. In a well-balanced society, where the institutions keep each other in check, man lives in comparative peace. His great problems are relative, his conflicts are over details, and the opponents live together as friends, belong to the same club, go to the same church, and marry into the same families. But as soon as one of the institutions, be it the state, the church, the family or the economy, becomes so strong as seemingly to threaten the very survival of the others, then the issues cease to be petty, capable of compromise, and the arguments become preludes to civil wars and revolutions. The contentions be-

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tween the partisans of one or another institution take on an ideological character, the contrasts between them seem absolute, and the petty quarels become symbolic of the greater conflict. People begin to talk as if the end were in sight, as if doom were awaiting them at the next turn, and hope of peace—the older peace—fades, and with it tolerance, gentleness and human sympathy. Life ceases to seem important or to have any special value. The cause, whatever it may be, or whatever its name, takes precedence over all else, and men make ready for death—either their own or that of their enemies—as if the earth were not sufficiently broad to contain them both.

Civil war and revolution come almost as a relief, for now it seems that the issues will be finally settled, for all time. In that situation there is no compromise, and rebellion, revolution and civil war are a logical, inevitable, and supposedly necessary consequence of the claims to absolutism in the name of one of these institutional interests. Some sort of equilibrium is ultimately reëstablished among the various forces at play, and life can go on again in a normal way—with petty quarrels over immediate issues, and nothing seems so profoundly tragic as to require the destruction of those who disagree with you.

It is, of course, true that all of the institutions have this germ of over-all sovereignty in them; but, if the opposition is effective, then society can live on indefinitely in peaceful friction, in a world which seems to be going nowhere, and which seems to have no all-dominant philosophy or faith, no impassioned ideal that drives it beyond human reason and beyond human frailty, and gives some of its leaders the assumption of acting like gods, of acting for eternity, of being moved by voices and intuition to compel men to accept the new faith in the state or the church or the economy at any cost, at any sacrifice.

The road to social peace is the balance of the social institutions, and a wise statesman would strengthen those institutions that seemed to be losing ground, even if he were not addicted to them; for the only way to peace in this world of fallible human nature is to keep all human institutions relatively strong, but none too strong, relatively weak, but not so weak as to despair

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of their survival. It is thus only that peaceful irritation and strife, so essential to social and individual sanity, can be maintained.

For this purpose democracy is the natural vehicle, for it is essentially a process rather than a doctrine. It is a way of evaluating human experience and bringing it to bear upon the issues at hand. The sense of meaning and insight each man's life represents reflects a unique view of the universe. The sum of these views becomes the source determining government policy. The fact that the individual experiences are frequently contradictory and their sense of meaning incompatible with that derived from other experiences gives the democratic process its proper rôle. The process is, in fact, the patterning together of all the contradictions of life's experience, and by trial and error discovering what meaning and direction the basic conflict reveals. The government is, therefore, the funnel for all of these values, that is, the sense of direction implicit in the total social experience. The lack of certainty that may be revealed is but an evidence of the inner contradictions, and the changing policy resulting from changing experience is both the necessary and essential method of democracy. The chief function of government is to help keep the balance. At best, it would be a neutral instrumentality representing all of the institutions and their total impact upon society. It would effectuate a daily compromise between them.

Society, however, is not merely composed of a number of separate institutions in constant conflict with each other. It also consists of men who are members of all of these institutions, each of whom reflects in his character, beliefs and ambitions the variable imprint that life's experience has given him. He does not merely live in a number of institutions, he really lives in a society made up of these institutions. But the institutions themselves contain innumerable groups and individuals whose experience is variable, whose needs are private, and whose ends are particular. Society is, therefore, the framework for all their effort, and they, each in turn, seek to mold the social structure to their private, group or institutional ends. The individual, the group or the institution may be assertive and purposeful,

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but society is neither one nor the other. It is the sum of all the past and present forces at play, of the ambitions in operation, of all the movements in conflict. Society is the recipient as well as the mold, but the mold gives the content a sort of inner cohesion. It is not just a vacuum. It contains the residue of all the past experience. This residue is the ethos, and every society has a distinguishable ethos of its own. Society is, therefore, not something formless, rootless and uncrystallized, or just put together of a number of institutions. On the contrary, while it has no purpose or direction of itself, it does have a content derived from the past labors of uncounted human strivings, of hopes achieved, and of failures. This content, this ethos, becomes the frame for the present and future activities of all its members, all its groups, all its institutions; for, without attempting to define the ethos of the time, it does in its turn define the objectives and gives direction to the will and labors of all the men and institutions composing the society.

Neither men nor institutions labor in a moral vacuum. If they did, they would labor to no purpose at all. Life in a world without an ethos would be completely futile. The ethos is neither the law nor the written word, it is neither the faith nor the prophecy: it is the underlying sense of proportion and propriety that gives the law, the written word, the faith and the prophecy what cogency they may have. The ethos is, therefore, larger than any specific doctrine or formula, than all of the unconsciously asserted formulae taken together. This is an instance where the whole is greater than the sum of its parts.

It is not true that men are cognizant of the good end to be served by society as is implicit in Aristotle's dictum. If it had a recognizable end it would have a sense of direction, but the only sense of direction in any society is represented by the conflicting ends of its component members. To speak, therefore, of society as established for, or as possessed of, purpose, or as aiming at any objective, is to impute to a going concern, with special emphasis, values that are already there. But the implicit value system, the ethos, is a result of an infinitely variable experience. The true well-being of a society, therefore, lies in diversity rather than in identity of interests. The greater the

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variety of groups, the richer is the community and the more certain of continuous harmony. The harmony best suited to a society is one which comes from many-sided inner tensions, strains, conflicts and disagreements. Where disagreement is universal, men can agree only on particulars, and where men can really quarrel only about particulars they have too many things in common to tear the community apart. Divergence of interests within the community, in as many-sided and conflicting forces as possible, is the condition of healthy controversy and social peace. It is a fundamental error to attempt to secure unanimity in all things, or even in many things. Agreement by a working majority, yes, but even here that agreement is best which is only temporary and which is achieved for varying reasons. In society, unanimity and death are synonymous. Conflict, strife, divergence, difference of interest and opinion over many things for many reasons, and in varying degrees of intensity, are the conditions of social peace. The conflicting processes of democracy are consistent with and essentially a part of the stresses and strains of life itself.

FRANK TANNENBAUM

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MONETARY CONTROL UNDER THE FEDERAL RESERVE ACT

THE word *money* is used here to include whatever metals, government obligations and bank obligations are commonly used as means of payment in transactions or are held in readiness for such use. The term *monetary control* is used to designate the set of devices designed to provide the nation with a suitable quantity of money.

The purposes of this article are (1) to outline the theories of monetary control underlying the Federal Reserve Act and the operations of the monetary system in the United States since the establishment of the Federal Reserve System; and (2) to examine those theories from the point of view of a mechanism for providing the nation at all times with a suitable quantity of money.

Basic Theories of Monetary Control

In discussions of monetary problems during the past century two general theories of monetary control are apparent. These are designated here as *the convertibility theory of monetary control* and *the responsibility theory of monetary control.*

The convertibility theory was much more prominent prior to the great depression of the early 1930's than it has been in recent years. This theory may be described as including the beliefs (a) that a set of conditions can be established under which changes in the quantity of money reflect the decisions of individuals and enterprises regarding the amount of cash balances which they wish to hold; and (b) that this set of conditions is achieved when all forms of money are readily convertible into all other forms, and all forms of money are ultimately convertible or redeemable in some metal or other commodity for which there is a widespread desire and use. Ac-

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cording to this theory the quantity of money will be adequately controlled by the actions of individuals and business enterprises, and action by a government agency designed to influence the quantity of money is unnecessary; the duties of the monetary authority, whether exercised by a central bank or by a department of the federal government, are to assure at all times convertibility of one kind of money into another kind, and in particular to assure the convertibility of all kinds of money, directly or indirectly, into gold or whatever commodity is chosen as standard money.

The responsibility theory, in contrast, assumes that some authority—presumably some agency of the federal government, since the duty of regulating the value of money is placed by the Constitution of the United States in the federal government—should (a) judge the amount of change which appears to be desirable in the quantity of money for the purpose of preventing inflation on the one hand and deflation on the other, and (b) hold and exercise adequate power to control the quantity of money in order that significant degrees of price inflation or of price deflation will not occur.[1]

[1] The contrast between the two theories of monetary control should not be confused with the long controversy between qualitative and quantitative theories of the value of money. The convertibility theory of monetary control, however, has been supported in the past by adherents of both the qualitative and quantitative theories of the value of money, while the responsibility theory of monetary control has been supported almost entirely by avowed adherents of the quantity theory of the value of money.

It is also desirable to point out here that the difference between the qualitative and quantitative theories of the value of money is not accurately described by these terms, for the reason that the qualitative or "banking" type of monetary theory, in its many forms, is a notable variant of the quantity theory, if the phrase quantity theory is used in a general rather than in a narrow particular sense. There is no theory of monetary control, or of the value of money, which is not, in a general sense, a quantity theory. It is universally acknowledged that too much money, in the sense of a large expansion in the volume of metal, government obligations or bank obligations used as means of payment, will produce price inflation, and that a great contraction in such volume will result in price deflation and hesitating business. The qualitative theory of the value of money assumes that issue of money on the basis of certain types of assets, under specified conditions, will automatically result in a suitable quantity of money. See also Lloyd W. Mints's discussion of the real-bills doctrine in *A History of Banking Theory* (Chicago, 1945), particularly chs. i-iii.

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Theory of Monetary Control Underlying the Federal Reserve Act

Establishment of the Federal Reserve System followed several decades of discussion of the problem of preventing inflation on the one hand and deflation on the other. In this discussion the convertibility theory of monetary control was almost universally accepted, and was supported by persons holding divergent theories regarding the relation of money, and of the various forms of money, to prices.[2] The Federal Reserve Act was drawn in terms of the convertibility theory. The Act contained no provision giving the Federal Reserve Board or the Federal Reserve banks, either specifically or by reasonably clear inference, responsibility for monetary control in the sense of making it the duty of any officials in the system to estimate the most suitable quantity of money for the use of the nation and to maintain the quantity of money in accord with that estimate of need.

The monetary problem to which the agitation for a "sound currency" was directed was the establishment of a set of conditions under which the total quantity of money (circulating media), and the division of this quantity between bank deposits and pocket currency, would fluctuate in accordance with the decisions of individuals and business enterprises respecting the amount and kind of "cash" which they needed for personal and business use. It was believed that this set of conditions would be achieved—that is, that both the total quantity of circulating media and the quantity of pocket currency would be neither inadequate nor excessive—provided:

1. That convertibility of one kind of money into another kind is assured—that is, that at any time or place one kind of money can be converted into another kind—and, in particular, (a) that

[2] For example, Joseph French Johnson, who contended that prices depend on the quantity of money and money substitutes relative to the volume of exchanges and the rapidity of circulation, and that an increase in deposit currency or the use of bank credit as a medium of exchange has as much influence on prices as a similar increase in gold coin in circulation, *Money and Currency* (Boston, 1905), chs. vi and xv; and J. Laurence Laughlin, the most outspoken critic of the quantity theory, *Principles of Money* (New York, 1903), and *Monetary Reform* (Chicago, 1912).

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bank deposits can always be converted into circulating notes, (b) that such circulating notes can always be converted into the standard money, gold, and (c) that money in any form in one part of the country can be converted into money in another part of the country at reasonable cost and speed; [3]

2. That the standard form of money is directly convertible or redeemable, and therefore all forms of money are indirectly convertible, into some highly prized durable commodity, preferably gold;

3. That the assets of banks with deposit liabilities or circulating notes serving as money are predominantly short-term loans based on commodities in the course of production or marketing —that is, working-capital loans to business enterprises.[4]

The central banking system created by the Federal Reserve Act was designed to achieve this set of conditions. The Federal Reserve Board and banks, however, were not given full responsibility either for monetary convertibility or for the limitation of bank assets to the approved types, since existing arrangements deemed satisfactory were not disturbed. Further, some of the provisions of the Federal Reserve Act dealt with the adequacy of financial institutions to meet the loan or borrowing needs of business—a problem which is separate from, though related to, the use of credit instruments as money or circulating media.

With respect to monetary convertibility, the Treasury retained responsibility for issue of minor coins and a part of the paper used as pocket currency (gold and silver certificates), and also ultimate responsibility for redemption of circulating notes and coins into gold. Powers given to the Federal Reserve

[3] In the discussions preceding the Federal Reserve Act the terms "circulating media", "media of exchange" or "currency" were generally used with the meaning attached to the term "money" in this article, and the term "money" was more narrowly defined. As a consequence, the problem of making arrangements for converting one kind of money into another was described as one of converting currency or bank credit into money.

[4] Logically, limitation of bank assets to "commercial paper" (or the "real-bills doctrine") and convertibility into specie are, as is pointed out by Lloyd W. Mints (see these items in the index to *A History of Banking Theory*), alternative techniques assumed to provide a suitable limitation on the quantity of money (circulating media). The two doctrines, however, were not sharply distinguished by the proponents of banking reform in the United States. Both doctrines were part of the ideological background of those who formulated the Federal Reserve Act.

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banks and Board dealt with two aspects of monetary convertibility regarding which serious deficiencies in the existing mechanism had been observed. These were (a) the interconvertibility of bank deposits and circulating notes, and (b) the mechanism of making payments at distant places, or of converting money in one part of the country into money in another part at reasonable cost and without delay.

To implement the accepted principle that the loans of banks with obligations serving as a medium of exchange ought to be predominantly short-term loans based on commodities in the course of production or marketing, the types of obligations which could be rediscounted at the Federal Reserve banks and used as the basis of issue of circulating notes were rigidly defined. These limitations were not extended to the types of assets which could be held by banks against deposit liabilities, but it was undoubtedly believed that the definition of eligible paper would exercise considerable influence on the character of the loans and discounts made by banks of deposit.

Problems of Elasticity

Much of the agitation for monetary reform preceding establishment of the Federal Reserve System was stated in terms of the need for an elastic currency. This phrase covered two problems of inadequate functioning of the monetary system which were believed by acute observers to be responsible for financial panics and severe business fluctuations. A few comments on the nature of these two problems may be helpful in understanding the belief of the framers of the Federal Reserve Act that the set of conditions described above, and their implementation by the provisions of the Federal Reserve Act, would give the nation a quantity of money (circulating media) which would be neither excessive nor inadequate.

The first of the two problems of elasticity related to pocket currency, and arose from the facts (a) that under the National Bank Act circulating bank notes could be issued only on the basis of United States government obligations; (b) that the quantity of outstanding United States government obligations was limited in amount, and was contracting with the retirement of the debt; and (c) that the quantity of other forms of pocket

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currency, except minor coins and the fixed amount of United States notes, was limited by available monetary metals and the use of those metals (as coin or as certificates) as bank reserves. This problem of an inelastic pocket currency related in part to an inadequate rate of growth, and in part to seasonal and regional demands for currency in connection with autumn crop movements. Insufficient elasticity of pocket currency was also believed to be an important causal factor in business depressions because a rise in business activity—whether due to seasonal forces, normal growth, or special influences—resulted in a need for additional currency, and as this need was met the lawful money reserves of banks of deposit were withdrawn. The inelasticity of circulating banknotes therefore brought about perverse alterations in the quantity of bank reserves.

This problem of elasticity of pocket currency was essentially one of converting one form of money (bank deposits) into another form of money (circulating banknotes or another type of paper money). Monetary reformers who paid most attention to this problem were correct in believing that it would be solved by authorizing the issue of circulating banknotes on the basis of commercial paper or other business obligations of the same sort as those held by banks against deposit liabilities. At the same time it was believed that business obligations on which pocket currency could safely be based were more limited than those which might be acquired by banks as a basis for deposit creation, because of the fact that pocket currency tended to remain outstanding and to be used throughout the nation, while bank deposits were used as means of payment predominantly in local areas around each bank. The provisions for Federal Reserve note issue seemed admirably adapted to the solution of the problem of elasticity of pocket currency.

The second problem of elasticity with which monetary students were concerned, prior to establishment of the Federal Reserve System, was one of adjustment of the total quantity of money (circulating media), irrespective of its form, to the changing needs of business. In part this problem, like that of the elasticity of pocket currency, was one of providing for a rate of growth sufficient to meet the needs of a rapidly expand-

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ing economy. In part, however, the problem of elasticity of the total quantity of money was a matter of interrelations between credit instruments used as means of payment and prevailing customs regarding the terms of mercantile or book credit. Many nineteenth-century students of banking placed great emphasis upon the assumption (or fact) that bank credit was in essence nothing but a guarantee of business credit. This view of the nature of bank credit was accompanied by an assumption (not always explicitly expressed) that mercantile credit should be guaranteed by a bank (that is, turned into bank credit) only for a brief period of time when goods were being transferred from one person to another and should then be extinguished. This assumption was an outgrowth of a custom of extension of mercantile credit for comparatively long periods of time with seasonal settlement dates. This custom had been much more prevalent in colonial times and in the early part of the nineteenth century, when agricultural production was a major part of total production, than in the later nineteenth and early twentieth century. Looking backward from the vantage point of an economy in which seasonality in total production has become relatively small, and from which long-term mercantile credit has been largely eliminated, it appears evident that the monetary reformers whose agitation preceded the Federal Reserve Act emphasized more than was appropriate the need for an elastic total quantity of money.[5]

[5] For illustration of the usage of mercantile credit which generates a need for an elastic quantity of money let us take the extreme case of a general policy of annual clearance of indebtedness extending throughout the economy. In such a situation no person in the economy would have any need for money (bank deposits or currency) except at one period of the year. Let us suppose the existence, therefore, of an annual clearance week, with the following process: on one day bank loans are made by employers and dealers and the money supply is created; on the next day, payments for hired labor, purchase of farm products, and distribution of business profits are made; on the third, individuals pay their debts to retailers; on the fourth, retailers settle with jobbers and other intermediate dealers; on the fifth, all intermediate dealers pay their debts to business concerns; and on the sixth, all business concerns are ready and do repay their bank loans. Under this set of circumstances the needed quantity of money in the nation would be zero for 51 weeks of the year and equal to the entire value of the national product for the remaining week. An astoundingly large elasticity of the quantity of money would be required.

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This second problem of elasticity with which monetary reformers of the late nineteenth and early twentieth century were concerned was also believed to have considerable bearing upon the occurrence of financial panics and business fluctuations. If specie reserves are comparatively stable in amount, and the need for money is elastic or fluctuating because of its interrelations with mercantile credit, the banks will periodically hold large amounts of unused reserves, or will be sharply deficient in reserves at times of peak demand for circulating media. Banks, however, are profit-making institutions and therefore attempt to maintain their loans and investments at the largest amount feasible in the light of the legal requirements imposed upon them. In the periods of lull between commercial loan opportunities they will be ready to make other types of loans or investments, provided the loans can be terminated, or the securities sold, on short notice. This situation was the origin of the argument that the banks sent their funds to New York for call loans, thus stimulating the speculative market, but were later forced to withdraw those loans with a resulting collapse in stock values, or were unable to meet the needs of their commercial customers when the next peak in the need for circulating medium was reached.

The disturbances to bank reserves and to bank loans and investments resulting from both elasticity problems were in part seasonal, but they tended also to be cyclical because of the extensive use of bank credit for industrial development and the gestation time of industrial or trade expansion. In practice the cyclical fluctuations did not turn out to be strictly periodic, because of variations in the gestation time of expanding industries and variations in gold production, international gold movements, and other extraneous factors affecting bank reserves and

The opposite extreme would occur with universal cash sales, no trade credit, and an even distribution of sales throughout the year. Under such a situation the circulating medium is necessarily kept intact between each use, remaining as cash balances in the hands of the individuals, business enterprises, and social organizations of the economy. Even though trade credit is extensively used, but is granted only for short periods (such as 30 or 60 days), and there is comparatively little seasonality in total production or sales, the nation will need a relatively inelastic quantity of money.

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the amount of bank credit outstanding. It was believed, however, that both of the elasticity problems would be solved by establishment of a central reserve and issue bank, with powers to issue circulating notes on the basis of assets representing commercial obligations, to use its own credit when gold reserves appeared inadequate and to keep gold reserves unused when they were superabundant, and to shift reserves and therefore bank credit from one section of the country or one segment of the economy to another.

Loan Control versus Monetary Control

The various types of governmental action included in the general term "credit control" may be divided into two major groups which are appropriately termed "monetary control" and "loan control". Monetary control relates to the use of credit instruments as a medium of exchange, and the various facets of monetary control pertain almost exclusively to action respecting banks of deposit or the central banking system. Loan control pertains to the adequacy with which financial institutions meet the loan needs of various segments of the economy. Strictly defined, monetary control relates to the *creation* of money, loan control to the *borrowing* of money already in existence. They become confused only when money is created as it is loaned, or extinguished when a loan is repaid.

Governmental action with respect to loan control is largely but not entirely separated from action regarding operations of banks of deposit. Some phases of loan control have a very long history. These include usury laws placing a maximum on the rate of interest which may be charged on borrowed money, legislation regarding alienation of property for debt, and establishment of coöperative or governmental loan institutions designed to replace the loan business of high-rate private lenders. Loan control may be concerned (a) with the ability of loan institutions—regardless of whether the obligations of those institutions are used as money—to meet adequately and at reasonable cost certain types of loan needs, (b) with avoidance of accumulation of excessive indebtedness by some persons or groups of the population to other persons or groups, or (c)

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with direction of the nation's savings or loanable funds into economic activities deemed more important or desirable than other activities.

The foregoing aspects of loan control should be distinguished from restrictions on the types of loans and investments which may be acquired by banks or other money-issuing institutions. Loan control is designed to influence the terms, amount or purpose of contracts of indebtedness which are made in the economy; monetary control is concerned with a selection of contracts of indebtedness or other materials for use as assets in storage on which the nation's money supply is based. The difference between loan control, on the one hand, and control over the types and volume of bank assets as a phase of monetary control, on the other, is doubtless more apparent today than at the time of agitation for monetary reform in the late nineteenth and early twentieth century.[6] The ideas then prevalent regarding the need for an elastic money supply, and the relation of that assumed need to the character of mercantile credit, made it more difficult to distinguish between provision of adequate loan facilities to business men, on the one hand, and provision of an adequate circulating medium, on the other.

A review of the various provisions of the Federal Reserve Act relating to bank loans, and consideration of their purpose, indicate that some of them were adjuncts to the monetary responsibilities of the system but that other provisions must have been designed primarily to provide better loan accommodations to

[6] That a considerable degree of confusion on this matter still exists is indicated by the current controversy over consumer credit regulation. The statement of the Board of Governors of the Federal Reserve System regarding the importance of Regulation W (*Annual Report* for 1945, p. 24) is as follows:

> "For a considerable time to come, however, expanding production of consumers' goods is likely to be short of demand arising from growing current incomes and from accumulated buying power. Under these circumstances any expansion of consumer credit will tend to aggravate a generally inflationary situation and, therefore, should be kept within moderate bounds. It is during the period while this danger remains acute that consumer credit regulation, like other anti-inflationary measures, is most essential."

This statement seems to imply that the Board views Regulation W as a general anti-inflation device. It is doubtful, however, that Regulation W has had any effect on the total supply of money and equally doubtful that it has had an appreciable effect on the circular velocity or rate of use of money.

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business. Eligibility requirements for discounted paper held as assets underlying Federal Reserve notes, and the shifting of ownership and physical possession of gold reserves from individual banks to pools where they could more readily be made available to any bank which had an unusual demand for cash, were principally designed for use in the maintenance of convertibility. The powers of Federal Reserve banks to purchase certain types of loan contracts from or to make loans to member banks, and the powers to purchase and sell gold and to engage in other money market operations, were in part also elements in the machinery for assuring monetary convertibility.

Provisions of the Federal Reserve Act which appear to have been designed primarily to influence the cost of borrowing money and to assure a supply of loanable funds for specific purposes include changes in the loan powers of national banks and various provisions regarding loans made by member banks and by Federal Reserve banks. National banks were authorized to make loans secured by farm land, which had formerly been prohibited; member banks were authorized to accept drafts or bills of exchange arising from foreign trade; special provisions were made regarding the discounting of bank loans for agricultural or livestock purposes; and the Federal Reserve banks were authorized to buy or sell certain types of obligations of state and local governments, and bonds and notes of the United States, under rules prescribed by the Federal Reserve Board.

The basic criterion set forth in the Federal Reserve Act as a policy guide for Federal Reserve action was stated in terms which cannot be definitely interpreted. Rediscount rates, which were viewed as the chief instrument of action of Federal Reserve banks, were to " be fixed with a view of accommodating commerce and business." It is not clear whether the accommodation of commerce and business means assuring them of facilities for borrowing money when in need thereof, or assuring them of an ample circulating medium. The language suggests the former much more than the latter, since a change in the discount rate would be expected to have a direct effect upon the cost of loans incurred by business enterprises. In the original Federal Reserve Act no criterion was established for open-market operations. When such criteria were adopted in 1933

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they were also described in the same ambiguous language. "The time, character and volume of all purchases and sales of paper . . . eligible for open-market operations shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country."

Critique of the Monetary Theory Underlying the Federal Reserve Act and Operations of the Federal Reserve System

Since the creation of the Federal Reserve System we have had violent fluctuations in the quantity of money and in prices. Excluding periods of war these fluctuations have been more violent than at any other time in the nation's history, and the war-time fluctuations have been nearly as great.[7] We have had a business depression and banking crisis of an extent and depth far exceeding any which had previously occurred, though the most important purpose underlying the framing of the Act was to provide the mechanism by which such a crisis would be avoided. With respect to this primary purpose, the Federal Reserve System has been a failure; and this failure is a result, in part, of the inadequacy of the monetary theory underyling the Act and, in part, of the failure to carry out in practice the theory which was embodied in the Act. Five aspects of this inadequacy of theory and practice are noted here.

[7] Statistical data are inadequate for accurate measurement of fluctuations in the quantity of money and in prices throughout the nineteenth century. However, such data as the writer has been able to obtain do not reveal any period prior to 1914 in which the quantity of money per capita declined by 22 per cent in two years, as it did from the second quarter of 1931 to the second quarter of 1933. Monetary expansion per capita appears to have been greater from 1941 to 1943 than in any other 2-year period since 1834 with the exception of 1862 and 1863. In these comparisons time deposits are included, on the grounds (a) that time deposits are predominantly bank obligations held in readiness for use as means of payment; (b) that banking data covering a long period of time are more comparable when time deposits are included than when they are excluded; and (c) that for most of the nineteenth century data are not available for segregating time and demand deposits. Available price indexes also show more violent price fluctuations since 1914 than occurred prior to that year, except during the Civil War and the War of 1812. If periods of war and the succeeding two years are excluded, price fluctuations since the introduction of the Federal Reserve System, measured by the average annual change in an index of wholesale prices, have been more extreme than during any other period of similar length.

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1. *Too close a linkage of monetary expansion and contraction with expansion and contraction of indebtedness.* Money is usually borrowed for use as a means of payment. In fact, excessive monetary expansion usually originates in an attempt by borrowers to obtain loans on terms and in amounts unavailable from the flow of loanable funds offered in the existing market, and the consequent use of devices which create new money and place it in the hands of borrowers. Likewise, in practice the reduction of bank loans in the economy results in the destruction or cancellation of money (bank deposits).

Nevertheless, the nation's need for borrowing facilities is a vastly different need from that for means of payment, and variations in the intensity of the need or desire to borrow differ greatly from those in the need or desire to hold cash balances. When individuals, business enterprises or governments decide to reduce or to increase their indebtedness, they are not making a decision to reduce or to increase the average amount of cash balances which they expect to hold in the future; nor is such a decision to increase or to reduce indebtedness accompanied by a decision on the part of other individuals or enterprises to expand or reduce the cash balances which they carry.

Desirable social policy respecting expansion or contraction of indebtedness in the economy is also different from that respecting expansion or contraction in the quantity of money with which business is done and other payments are made. In general, a reduction in the volume of indebtedness is to be looked upon with favor rather than disfavor, because it tends to eliminate fixed claims upon incomes of individuals and receipts of business enterprises and thereby increases the freedom of individuals and enterprises with respect to the use of income. When a reduction in indebtedness, however, is translated through the banking system into a reduction in the quantity of money in the economy, the results are disastrous instead of beneficial.

The emphasis in the Federal Reserve Act upon meeting loan needs, the ambiguous criterion for Federal Reserve policy set forth in the Act, and the undue emphasis by monetary reformers upon elasticity of the total quantity of money created a

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situation under which Federal Reserve authorities failed to recognize the foregoing distinction between debt policy and monetary policy. They fostered far too close a linkage of monetary expansion and contraction with changes in the intensity of demand for loans.

2. *Inadequate appreciation of the asset transfer problem associated with maintenance of monetary convertibility.* Under the Federal Reserve Act the assets underyling issues of the two chief forms of money—deposits and circulating notes—were segregated and held by separate institutions. The principle of segregation of assets underlying the two forms of money had been in use under the National Bank Act, though circulating notes and deposits were obligations of the same banks. The defects of this system of segregation had been one of the reasons for the establishment of the Federal Reserve System, because the limited supply of the particular kind of obligations upon which circulating notes were based resulted in a scarcity of such notes whenever the public wished to transform deposits into circulating notes.

The new provisions for issue of circulating notes solved one of the problems of interconvertibility of such notes and bank deposits—that of an adequate volume of assets for the expansion of circulating notes when such were desired by the public—but created another problem, namely, the transfer of ownership of assets from one set of banks to another. This problem was presumed to have been met by the provision for rediscount of certain types of assets of commercial banks by Federal Reserve banks; but this procedure proved to be inadequate because the character of the assets of banks of deposit was misjudged.

In addition, the Federal Reserve Board appears to have failed to grasp the necessary conditions for making this type of interconvertibility of circulating notes and deposits successful without producing monetary contraction; namely: (a) that whenever the public—whether in the normal course of business or in a panic situation—desires to convert bank deposits into circulating notes, the Federal Reserve banks should automatically take over from the commercial banks an equivalent amount of assets without changing the total volume of assets on which the sum

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of bank deposits plus circulating notes is based, and that this should be accomplished without disturbing the reserve position of member banks;[8] and (b) that if difficulties arise in such a transfer of assets the emergency powers of the Board to reduce or suspend member bank reserve requirements should be invoked.

On at least two occasions in the 1930's—the latter part of 1931 and the early part of 1933—unwillingness of Federal Reserve banks to take risks with respect to assets which they might acquire and lack of use by the Federal Reserve Board of its emergency powers resulted in the failure of the Federal Reserve System to supply the commercial banks of the country with sufficient cash to meet the demands of bank depositors, and the commercial banks were forced to liquidate assets in their attempts to maintain monetary convertibility. Use of the Board's emergency powers on March 3, 1933 to suspend the reserve requirements of Federal Reserve banks was not an adequate policy at that time, since it did not meet the member bank reserve situation and did not provide assurance of convertibility of bank deposits into circulating notes. The suspension of reserve requirements for the Federal Reserve banks was presumably designed to maintain convertibility of Federal Reserve notes into gold, but even for this purpose it proved to be a meaningless gesture; the majority of the Federal Reserve banks closed the next day when the leading Reserve bank became the world's champion gold hoarder instead of meeting a financial crisis in the manner prescribed by the law under which it operated.[9]

[8] The principle is, to be sure, implicit in the ordinary operation of the Federal Reserve System and in some of the official statements of Federal Reserve policy. However, the policies pursued by the Federal Reserve Board during the four years preceding the banking crisis of 1933 could hardly have been maintained if the importance of this principle had been realized; and, so far as the writer has been able to discover, no clear statement of the principle has ever been made by Federal Reserve authorities.

[9] Seven Federal Reserve banks—Boston, New York, Philadelphia, Atlanta, Chicago, St. Louis and Minneapolis—were closed on March 4. Those at Richmond, Dallas, Cleveland, Kansas City and San Francisco remained open on that day. The explanation given by the Federal Reserve Board (*Annual Report* for 1933, p. 10) for the closing of Federal Reserve banks was that the banks observed state holidays,

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If there is any reasonable excuse for the failure of the Federal Reserve System to perform in these periods its assigned duty of providing for monetary convertibility, it is the confusion which had been created with respect to the function of rediscount rates and open-market operations. Official explanations of the Board's reserve policy in the 1930's reveal the dominance, in the Board's thinking, of the problem of meeting apparent loan needs of business enterprises rather than the problem of maintaining monetary convertibility. So long as interest rates were low, the Board said in effect, the Board had no responsibility for providing additional reserves to member banks.[10]

and bank holidays had been declared by the state governors. Declaration of the bank holiday in New York State, however, is understood to have been due largely to an alleged inability of the Federal Reserve Bank of New York to continue to issue notes with a gold reserve ratio below 40 per cent (Marcus Nadler and Jules I. Bogen, *The Banking Crisis* [New York, 1933], p. 159), though this disability had been removed by the Federal Reserve Board.

[10] The annual reports of the Federal Reserve Board for 1931, 1932 and 1933 are almost completely devoid of rational explanations of the Board's policy. The report for 1931 pointed out (a) that member bank reserve balances decreased by $346 million, the largest in the history of the system; (b) that the rate of decrease was accelerated in the last quarter; (c) that liquidation of bank credit and of bank deposits was intensified in the last quarter of the year; (d) that Federal Reserve credit policy in the first nine months of the year was directed toward "easy credit conditions"; and (e) that Federal Reserve discount rates were increased after the middle of September, in view of the outflow of gold from the country and of currency into hoarding (pp. 4 and 6). No indication, however, is given in the report of awareness of the facts (a) that the sharp decrease of member bank reserve balances in the last quarter was due to inadequate provision by the Federal Reserve banks of reserves to meet the public demand for conversion of one kind of money (bank deposits) into other kinds (circulating notes and gold)—in fact, the Board claimed it had met these demands freely; and (b) that this failure of the Federal Reserve System to carry out adequately its responsibility for monetary convertibility was the major cause of the contraction of bank loans and investments.

In the Board's report for 1932 a belated explanation is provided for its policy during the latter part of the preceding year, namely, an assertion that, until the passage of the Glass-Steagall Act of February 27, 1932, the Federal Reserve banks could not engage in open-market operations on a sufficiently large scale because their own gold was almost fully absorbed by reserves against member bank deposits and by gold used as collateral against Federal Reserve notes in the absence of sufficient eligible paper (pp. 16-18). No reference, however, was made to the power of the Board to suspend reserve requirements for member banks and for Federal Reserve banks—powers that were fully ample to handle the problem of monetary convertibility without contraction of bank loans and investments and were designed for use in such a situation.

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3. *Lack of clarity and confusion of thought in the use of the word "credit".* Development of Federal Reserve monetary policy has been greatly hampered by ambiguous use of the word "credit", particularly in such phrases as "credit control" and "credit policy". Neither of the phrases "credit control" or "credit policy", nor any similar phrase, appears in the original Federal Reserve Act, but the frequent use of such phrases in official publications of the Federal Reserve System is undoubtedly associated with the lack of separation in the Act of powers respecting the cost and availability of loans, on the one hand, and the maintenance of monetary convertibility, on the other,[11]

The Board's report for 1933 states (a) that early in that year the System was called upon to meet large demands for currency and gold so that by March member bank reserves had been drawn down to a low level; (b) that at no time was there difficulty in converting a balance with a Reserve bank into currency or in increasing that balance through discount of eligible paper and that under the emergency legislation of 1932 sound assets not ordinarily eligible for rediscount could also be converted into balances with a Reserve bank and consequently into currency; (c) that the crisis of 1933 was occasioned by loss of confidence in the solvency of banks and by a depreciation in bank assets consequent upon the drop in prices of all classes of property caused by the depression; and (d) that the crisis was not a currency crisis but a banking crisis (p. 1). No awareness, however, is shown of the facts (a) that loss of confidence by bank customers in the solvency of their banks would not have produced monetary contraction were it not accompanied by failure of the Federal Reserve System to provide monetary convertibility; (b) that the great depth of the depression, with its drop in prices of all classes of property, was primarily due to the monetary contraction of the preceding four years; and (c) that the crisis was therefore in fact a monetary crisis with the bank insolvencies largely a consequence of the monetary crisis. (For analysis of the relation of monetary contraction to the great depression, see the references cited in footnote 15.)

[11] The word "credit" appears in only five places in the original Federal Reserve Act, in four of which it is used in the bookkeeping sense of crediting an account or of a credit balance in an account, and in the other it clearly refers to the loans or loan commitments of member banks.

So far as official documents of the Federal Reserve System are concerned, this ambiguity in terminology appears to have begun with the report of the special Committee on Bank Reserves, published in 1931 and reprinted in the *Annual Report of the Federal Reserve Board* for 1932 (pp. 260-85), and did not become of great importance until 1936. The adoption of this ambiguous terminology, however, undoubtedly reflected a preëxisting lack of clarity of thought.

In the annual reports of the Federal Reserve Board throughout the 1920's the word "credit" and the phrases "bank credit" and "credit policy" refer almost exclusively to loans. In the 1928 report, for example, the statement is made that

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In view of the combination of purposes and powers in the Federal Reserve Act, it is not surprising that Federal Reserve authorities developed a terminology designed to achieve a similar combination of ideas in describing Federal Reserve policy. Use of such terminology, however, has resulted in a failure to

"increased loans and investments ... result in the creation of additional deposits" (p. 7), but nowhere do deposits appear to be referred to when the word "credit" or the phrase "credit policy" is used. In the 1929 report, in a summary of developments during 1922-1928, the statement is made that "on the liability side bank-credit expansion was represented in large part by a growth of time deposits" (p. 5), but elsewhere throughout the report "bank credit" refers to bank loans rather than to bank deposits. Likewise, in the annual reports for 1930 and 1931, loans and investments of member banks and of the Federal Reserve banks are frequently referred to as "credit", but that word is not used in specific references to bank deposits or to Federal Reserve bank obligations.

In the first page of the *Report of the Committee on Bank Reserves* the following statement is made, with no acknowledgment of the adoption of different meanings for the phrases "bank credit" and "credit policy" than those previously used in annual reports of the Federal Reserve Board:

> "The two main functions of legal requirements for member bank reserves under our present banking structure are, first, to operate in the direction of sound credit conditions by exerting an influence on changes in the volume of bank credit, and, secondly, to provide the Federal Reserve banks with sufficient resources to enable them to pursue an effective banking and credit policy." (*Annual Report of Federal Reserve Board, 1932*, p. 261.)

But when the Committee, in the next sentence, states, "Since the volume of member bank credit needed to meet the legitimate needs of trade and industry depends on the rate at which credit is being used as well as on its aggregate amount ...", it is apparent that the word "credit" in the latter part of the sentence refers to bank deposits, as a means of payment, rather than to bank loans. Whether "the volume of member bank credit needed to meet the legitimate needs of trade and industry", in the first part of this sentence, refers to needs of trade and industry for loans or for a circulating medium is not apparent. This dual usage also occurs in other sections of the *Report*.

Beginning with the annual report of the Federal Reserve Board for 1932, the section of the report entitled "Member bank credit" gives as much attention to bank deposits as to loans and investments, instead of making only incidental mention of deposits, and includes a discussion of "velocity of bank credit", thus indicating use of the phrase "bank credit" in the dual capacity (pp. 5-8). Until 1936, however, this practice did not result in any significant ambiguity in specific statements, since for the most part bank loans and investments and bank deposits were separately discussed, as such.

In the annual report for 1936, and in most subsequent reports, terms such as "bank credit", "credit expansion", and "credit policy" appear with great frequency unaccompanied by specific reference either to bank loans and investments or to deposits and in a context which does not clarify the meaning of the terms.

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distinguish between (a) problems of loan control, whether in terms of loan costs or the adequacy of facilities for meeting the loan needs of business, and (b) problems of monetary control, whether exercised through monetary convertibility or by direct attention to the provision of a suitable quantity of money in the economy. The distinction between these two aspects of credit control is of vital importance to monetary policy. Bank loans may contract and still meet the needs of industry and business because of the desire of individuals and enterprises to reduce their indebtedness to banks, even though a growing volume of production and trade indicates a need for an expansion in bank deposits. Appropriate credit control or credit policy in the sense of loan control or loan policy may therefore be entirely different from appropriate credit control or credit policy in the sense of monetary control or monetary policy.

4. *Confusion between the respective rôles of quantitative and qualitative guides to central bank action.* The ambiguity of the "accommodation" of commerce and business specified in the Federal Reserve Act, and of the "credit policy" developed by the Federal Reserve Board, was reflected in a confusion of the proper rôles of quantitative and qualitative guides to Federal Reserve action. In its annual report for 1923 the Board stated: "The Board is fully aware of the fact that the problem of credit extension involves the question of amount or volume as well as the question of kind or character; otherwise stated, involves a *quantitative* as well as a *qualitative* determination."[12] The Board called attention to its development of statistical data on production, trade, employment and prices as evidence of its development of objective measures of the nation's need for bank credit. Nevertheless, the Board did not distinguish between the nation's need for bank deposits as the chief part of its circulating medium and the needs of business for bank loans. It stated: "Administratively, the solution of the economic problem of keeping the volume of credit issuing from the Federal Reserve banks from becoming either excessive or deficient is found in maintaining it in due relation to the volume of credit needs, as these needs are derived from the operating require-

[12] *Tenth Annual Report of the Federal Reserve Board, 1923*, pp. 34 and 35.

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ments of agriculture, industry, and trade, and the prevention of the uses of Federal Reserve credit for purposes not warranted by the terms or spirit of the Federal Reserve Act." [13]

Monetary theorists who have emphasized quantitative criteria as guides to central bank action have done so in an effort to focus attention on the rôle of bank credit, in the form of bank deposits, as the major part of the nation's money (circulating media). When qualitative controls are emphasized, attention is shifted away from the problem of an adequate money supply to a quite different problem, namely, the types of loans which are being made in the economy and the kinds of activities associated therewith, or, more precisely, the kind of assets held by the nation's banks. The difference between these two aspects of banking operations, and of central bank action affecting those operations, is analogous to the difference between the problem of deciding where the leading highways of the country should be located and how much traffic they should be built to accommodate, on the one hand, and the nature of the materials out of which the roads should be constructed, on the other. The great mistake in placing primary emphasis upon the qualitative approach to the problem of monetary policy is essentially similar to that which would be made if the Public Roads Administration were to say that it does not matter where roads are built or how many of them so long as they are well constructed. To ignore the qualitative approach, however, would be similar to a planning program by the Public Roads Administration based on the principle that the only criterion for federal aid is to determine where roads shall be built—that the materials out of which they are constructed are unimportant.

In 1928 and 1929, when the Federal Reserve Board was confronted with a situation where a clear distinction between the aims and techniques of quantitative and qualitative criteria was urgent, the confusion was even greater than in 1923. In their annual report for 1929, they described the extraordinary measures they had taken to reduce the use of bank loans for speculation, and continued with the statement: "It is not for the Federal Reserve Board to estimate the general expediency or the

[13] *Tenth Annual Report of the Federal Reserve Board, 1923*, pp. 34 and 35.

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major public consequences of its intervention by 'direct pressure' in the complex situation existing at the time . . . ." [14] The major public consequence of Federal Reserve action in 1928 and 1929 was a stoppage of normal growth of the nation's money and initiation of the monetary contraction which eventuated in the great depression and the banking crisis of 1933.[15] The Federal Reserve Board was aware of the fact that its action had stopped the growth of bank deposits.[16] The refusal of the Board to "estimate" the expediency or major public consequences of its action was therefore a repudiation of responsibility for monetary policy. It also represented the discard of their previous emphasis on the *quantitative* aspects of bank credit, and an elevation of *qualitative* considerations into the position of sole criterion for central bank action. The Board apparently assumed that the quantitative and qualitative approaches to governmental monetary and banking policies are alternative approaches, with the former subject to abandonment in favor of the latter. They missed the essential fact that the two approaches are not alternatives—they deal with different problems and neither approach can properly be used as a device for handling the other problem.[17]

[14] *Sixteenth Annual Report of the Federal Reserve Board, 1929*, p. 4.

[15] For elucidation of this sequence, see the following articles: "Monetary Theory, Full Production, and the Great Depression", *Econometrica*, vol. XIII, No. 2, April 1945, pp. 114-28; "The Volume of Money and the Price Level between the World Wars", *The Journal of Political Economy*, vol. LIII, No. 2, June 1945, pp. 150-63; "Quantity and Frequency of Use of Money in the United States, 1919-45", *ibid.*, vol. LIV, No. 4, October 1946; and "The Misplaced Emphasis in Contemporary Business-Fluctuation Theory", *The Journal of Business of the University of Chicago*, vol. XIX, No. 4, October 1946—all by the writer of the present article.

[16] "This policy of firm money by the Federal reserve system resulted in a halt in the growth of bank credit beginning with the spring of 1928." Net demand plus time deposits of all member banks reached a peak, as indicated by call report data, on December 31, 1927. At the seven calls between that date and the stock market crash in the last week in October 1929, net demand plus time deposits ranged from a little less than 1 to more than 2 per cent below the figure at the end of 1927. Currency in circulation during the same period was consistently lower than it had been during the four years preceding the end of 1927. *Sixteenth Annual Report of the Federal Reserve Board, 1929*, pp. 6, 84, and 107.

[17] The current emphasis by Federal Reserve authorities on restrictions on consumer credit, restrictions on security loans, and restrictions on the type and amount of United States government obligations held by banks, as means of eliminating

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5. *Subservience of monetary policy to government borrowing policy.* Whenever the federal government wishes to borrow money in large amounts, the Federal Reserve Board ceases to be an independent agency. This situation arises from the combination of (a) emphasis on the accommodation of borrowers rather than maintenance of a suitable quantity of money in the economy, and (b) a specific provision that, in case of any apparent conflict between the powers of the Board and those of the Secretary of the Treasury, the Board shall exercise such powers under the supervision of the Secretary of the Treasury.[18] In time of war, when the policy of the government is to expand its own debt, the accommodation of commerce and industry is naturally translated into the accommodation of the government. Also, in the event that the duty of the Secretary of the Treasury to borrow sufficient amounts to meet the expenditures of the government should appear to conflict with a desire or duty of the Federal Reserve Board to limit total borrowing, and hence governmental borrowing, from the banking system, final determination of Federal Reserve policy automatically passes to the Secretary of the Treasury.

In both of the wars since establishment of the Federal Reserve System the Federal Reserve Board has publicly announced its abdication of the exercise of monetary responsibility in favor of the use of its influence to aid in financing the government on the conditions desired by the Treasury or other governmental agencies.[19] This procedure had been in accordance with law,

inflationary hazards, and their continued lack of attention to the determination of a reasonable rate of growth in the quantity of money and in member bank reserves indicate that their confusion on these matters is as great today as in the 1920's.

[18] Section 10 of the Federal Reserve Act contains the following paragraph: "Nothing in this chapter contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this chapter in the Board of Governors of the Federal Reserve System or the Federal Reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary" (12 U. S. C. A., Par. 246).

[19] "The discount policy of the Board has necessarily been coordinated throughout the year with Treasury requirements and policies, which in turn have been governed by demands made upon the Treasury for war purposes....

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but has played havoc with the formulation and execution of monetary policy.

Attempts to Modify the Theory of Monetary Control Underlying the Federal Reserve Act

The theory of monetary control underlying the Federal Reserve Act—that monetary responsibility need not be given a federal government agency, if monetary convertibility is maintained—was challenged in the middle 1920's. In 1926, and at various times since that date, efforts have been made to place the operations of the system on an entirely different theoretical basis by instructing the Federal Reserve Board to use its powers to stabilize the price level.[20] These efforts are obviously based on

"The rates of interest borne by the Treasury certificates of indebtedness and by the Liberty loan bonds have been determined by the Secretary of the Treasury within the limits fixed by Congress, and the Board has felt it to be its duty to adjust its discount rates in such manner as to assist the distribution of the various Treasury issues." *Fifth Annual Report of the Federal Reserve Board, 1918*, pp. 4-5.

"... The role of credit authorities in financing a war without inflation is necessarily subordinate to that of other Government agencies.... In wartime the Federal Reserve authorities must provide the banks with adequate reserves to serve as a basis for purchasing such Government securities as they are expected to purchase." *Twenth-ninth Annual Report of the Board of Governors of the Federal Reserve System, 1942*, p. 26.

20 "Stabilization", *Hearings before the Committee on Banking and Currency*, House of Representatives, Sixty-ninth Congress, First Session, on H. R. 7895, 1926 and 1927. The difference between the monetary theory which underlay this price stabilization proposal and that which was dominant in the original Federal Reserve Act was not clearly stated by its supporters or by its opponents. The Federal Reserve Board, for example, opposed the price stabilization proposal on the grounds (a) that the price situation and the credit situation are interrelated but only in a complex manner, (b) that decisions of "credit administration" must be made in advance of the dates when effects of the use of credit might show up in prices, (c) that no credit system could perform satisfactorily the function of regulating credit by reference to prices without failing in the endeavor, and (d) that the powers of the Federal Reserve System were inadequate to exercise the degree of price control implicit in the proposed legislative instructions. (Testimony of Adolph C. Miller, member Federal Reserve Board, *ibid.*, Part 2, pp. 634 *et seq.*, and *Tenth Annual Report of the Federal Reserve Board, 1923*, pp. 29-39.) These criticisms are valid if the word "credit" and the phrase "credit administration" are understood to refer to the loans made by member banks, Federal Reserve banks, or other loan institutions, and the context of the Board's statement makes it clear that the words are so used. The Board's statement ignores the problem of the relation of bank obligations—whether deposits in commercial banks or circulating notes of Federal Reserve banks—to the quantity of money (circulating media) and the relation of the quantity of money to prices.

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the belief that the central bank should be given definite responsibility for the prevention of price inflation on the one hand and of price deflation on the other, and on the assumption that the powers of the Federal Reserve Board are adequate to achieve this purpose. The Federal Reserve Board has repeatedly opposed the price-level-stabilization proposal, and no other proposal to give Federal Reserve authorities precise or definite responsibility for monetary control has been seriously considered by Congress.

The basic character of monetary law embodied in the original Federal Reserve Act has, nevertheless, been decisively modified. Gold coinage and its circulation, and redemption of circulating notes in gold, were suspended in 1933 under emergency legislation and were permanently prohibited by the Gold Reserve Act of 1934. These changes, together with numerous modifications of the loan powers of Federal Reserve banks and of member banks, constitute a complete abandonment, in law, of the convertibility theory of monetary control. Of the three principles on which the convertibility theory of monetary control was based—(1) assurance of convertibility of each kind of money into another kind, (2) direct convertibility of the standard form of money, and therefore indirect convertibility of all other forms of money, into some highly prized durable commodity, and (3) the predominance, in the assets of banks with obligations serving as money, of loans based on commodities in process of production or storage—only the first remains.

The place in monetary legislation vacated by abandonment of the convertibility theory of monetary control has not been filled. Feeble gestures in the direction of the responsibility theory of monetary control have been made by insertion of references to "injurious credit expansion or contraction", and "maintainance of sound credit conditions", for these ambiguous phrases can be interpreted to refer to the injuries to the country resulting from price changes and the presumed connection of price changes with expansion or contraction of bank obligations used as money. But in view of the loan powers and duties of the Federal Reserve System and the changes which have been made in those powers, the word "credit" in the ambiguous phrases is, with one exception, more reasonably assumed to refer to loan control than to monetary control. The excep-

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tion is a clause relative to the prevention of undue credit expansion in Title III of the Act of May 12, 1933, which deals in part with the exercise of the constitutional power to coin money and to regulate the value thereof.[21] In this Act responsibility for action to prevent undue credit expansion is divided between the Federal Reserve Board and the Secretary of the Treasury.

In no legislation has the Board of Governors of the Federal Reserve System been given responsibility for monetary control. The Federal Reserve System has never been given the duty, either directly or by reasonably clear inference, of adjusting the quantity of money to the needs of the economy.

Monetary Theory of the Board of Governors of the Federal Reserve System

In view of the ambiguous character of the criterion for central bank action embodied in the Federal Reserve Act, it is natural that Federal Reserve authorities should attempt to develop a reasonable and consistent theoretical basis for their operations.

As early as 1923 the Federal Reserve Board implicitly recognized the inadequacy of the convertibility theory of monetary control in its comments on the "anomalous situation" confronting the central banking administration when gold movements are not in accord with gold-standard theory, and in its discussion of quantitative and qualitative guides to Federal Reserve credit policy.[22] As has been mentioned above, however, the Board failed to clarify the nature of the monetary problem to which quantitative guides are relevant.

Another Federal Reserve document which implicitly assumed the validity of the responsibility theory of monetary control was the report in 1931 by the Committee on Bank Reserves and the proposed amendment to the Federal Reserve Act which was drafted by that Committee. Unfortunately the Committee's statement of the theory underlying its proposals was couched in an ambiguous use of the word "credit" and of phrases such as "credit control" and "credit policy". Their report was not sufficiently clarified to make economists or the general public aware of the difference between the convertibility theory of

[21] U. S. C. A. Title 31, ch. 13, Sec. 821.

[22] *Tenth Annual Report of the Federal Reserve Board, 1923*, pp. 30-31.

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monetary control which underlay the original Federal Reserve Act and the responsibility theory of monetary control which was involved in the rejected proposal to require the Federal Reserve Board to adjust its policies to the purpose of price-level stabilization and in the Committee's own proposal.[23]

In the annual reports of the Board of Governors of the Federal Reserve System in recent years much more recognition is given to the responsibility theory of monetary control. The report for 1935 opens with a paragraph referring to the Banking Act of 1935, stating that this Act "places responsibility for national monetary and credit policies on the Board of Governors and the Federal Open Market Committee"—notwithstanding the fact that the Banking Act of 1935 contains no reference to monetary policy, nor mentions any "monetary powers", nor contains any provisions indicating an alteration of the monetary theory underlying the original Federal Reserve Act. More recent annual reports and official statements of policy make frequent use of such terms as "monetary system", "monetary policy", "monetary contribution to economic stability", "monetary authorities", "monetary measures and objectives", and customarily use the word "monetary" along with the word "credit" when speaking about Federal Reserve policy.

[23] In a section of the report entitled, "Control of Credit", the Committee notes that overexpansion of bank credit (referring to bank assets), whatever the character of bank loans, has the effect of temporarily inflating the general purchasing power of the community, and states that the function of reserve requirements is to restrain such overexpansion and that for adequate performance of this function reserve requirements must reflect both the volume and activity of credit outstanding. (*Nineteenth Annual Report of the Federal Reserve Board, 1932*, pp. 264-65.) It is difficult to find any meaning in this passage, unless "volume and activity of credit" refer to bank deposits as a part of the circulating medium, or money, of the nation. If the passage is thus interpreted it must mean that changes in reserve requirements should be made with primary reference to monetary control, and presumably other phases of Federal Reserve policy impinging on the amount of bank reserves—such as open-market operations and the rediscount rate—should also be focused primarily on monetary control. But nowhere in the report of the Committee is any further consideration given to the effect which changes in the quantity or rate of use of bank deposits may have upon the total money supply of the country or the operations of the entire monetary system. Neither is there any recognition of the fact that such an approach to reserve policy involves subordination of the duty imposed upon the Board of establishing discount rates for the *accommodation*—obviously through loans—of commerce, industry and agriculture.

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The most detailed discussion of monetary theory and monetary policy by the Board of Governors of the Federal Reserve System is contained in a pamphlet, *Monetary Measures and Objectives*, consisting of three policy statements, two of which were transmitted by the Board of Governors to Congressional Committees.[24] The principal conclusions of these statements were reaffirmed in the *Annual Report of the Board of Governors* for 1943.[25]

Regarding the major problem of monetary theory, namely, the value of money or relation of the quantity of money to prices, the Board states, "The facts show clearly that the volume of money does not control the price level", and "Usually other things have a greater influence on prices than has the amount of money."[26] The Board of Governors supports this conclusion by statistical data relating to the quantity of money and to prices in 1929 and 1938 compared with 1926. The assumptions and methodology of this comparison are subject to criticism for several reasons:

1. No allowance is made for the increased need for money in 1929 and 1938, relative to 1926, resulting from growth in population or in the nation's productive capacity.
2. No allowance is made for the tendency of the population to hold, as time goes by, larger cash balances relative to its expenditures—a trend which was manifested during the 1920's when the price level was aproximately stable.
3. Use of demand deposits adjusted plus currency outside banks as the measure of the quantity of money ignores the change which took place between 1926 and 1938 in the conditions attached to the use of time and demand deposits and the

24 "Objectives of Monetary Policy", statement to Chairman of the Senate Committee on Agriculture and Forestry, July 30, 1937, reprinted from *Federal Reserve Bulletin*, September 1937, pp. 827-28; "Proposals to Maintain Prices at Fixed Levels Through Monetary Action", statement released to the press March 13, 1939, reprinted from *ibid.*, April 1939, pp. 255-59; and "Statement on Monetary Measures and Objectives", to the Chairmen of the Committees on Banking and Currency of the Senate and House, April 8, 1939, reprinted from *ibid.*, May 1939, pp. 363-64.

25 *Thirtieth Annual Report of the Board of Governors of the Federal Reserve System, 1943*, p. 10.

26 *Federal Reserve Bulletin*, April 1939, p. 256.

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consequent fact that in the latter year a significant proportion of demand deposits was serving a monetary function—that of a store of value or money held in readiness for use—which was served to a much greater extent in 1926 by time deposits.

4. Price changes are judged solely by wholesale prices, with no attention to prices at which the products of the economy are sold to their final purchasers.

An examination of the annual changes, during the period since 1918, in the supply of money relative to the need for money, and comparison of those changes with an index of prices of final products, lead to conclusions different from those stated by the Board of Governors. These statistical data give unqualified support to a conclusion closely approximating that of orthodox monetary theory prior to World War I, namely, that changes in the general level of prices depend principally upon changes in the quantity of money relative to the need for money, taking into account the productive capacity of the country and the established monetary habits of the population.[27]

Regarding the central problem of monetary policy, the relation of such policy to economic stability, the Board of Governors concludes that monetary policy has little influence on economic stability, and that the major cause of inadequate use of the country's economic resources and price fluctuations is variation in the rate of use of money. The Board states:

> It has been the Board's view that, since the money supply, however measured, is larger now than at any previous time, the difficulty must lie not in the scarcity but in the inadequate use of the existing supply.
>
> In the past quarter century it has been demonstrated that policies regulating the quantity and cost of money cannot by themselves produce economic stability, or even exert a powerful influence in that direction.[28]

These views, like those on price theory, are not confirmed by the available factual data. When the appropriate statistical

[27] See the references cited in footnote 15.

[28] *Federal Reserve Bulletin*, May 1939, p. 363, and *Thirtieth Annual Report of the Board of Governors of the Federal Reserve System, 1943*, p. 10.

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data are examined, the conclusions appear to be inescapable (1) that the reduction in the rate of use of money associated with the production and sale of goods and services during the great depression of the 1930's followed rather than preceded monetary contraction; (2) that the world-wide severity of that depression was primarily due to monetary contraction in the United States; (3) that monetary deficiency is the chief factor originating business depressions or amplifying minor recessions into severe depressions; and (4) that the monetary deficiency preceding each business depression since establishment of the Federal Reserve System—1921, 1924, 1927, 1930-33, and 1937-38—has been produced by Federal Reserve action impinging on the quantity of bank reserves.[29]

These conclusions of the Board of Governors regarding the relations of the quantity of money to the price level and to business fluctuations, based on inadequate examination of the factual data, are an effective barrier to the development of the kind of monetary policy needed for full production without price inflation. The attempt of Federal Reserve authorities to develop a theoretical basis for exercise of their monetary powers has been unsuccessful.[30]

[29] For the statistical data and analysis leading to the first and third of these conclusions, see the references in footnote 15. The second is based on an unpublished analysis of the effect of business depression in the United States on international trade; and the fourth on an unpublished study of the relation of changes in bank reserves to changes in the quantity of money.

[30] For the author's views regarding monetary policy, see, in addition to the references in footnote 15, the following: "Normal Production, Income, and Employment, 1945 to 1965", *The Southern Economic Journal*, vol. XI, No. 3, January 1945, pp. 219-45; "Business Stability and Regulation of the Cost of Money", *The American Journal of Economics and Sociology*, vol. 4, No. 2, January 1945, pp. 175-84; "Monetary Policy in the United States in World War II", *ibid.*, No. 3, April 1945, pp. 375-83; and "The Monetary Theory of Deficit Spending" and reply to comments by H. W. Arndt, *The Review of Economic Statistics*, vol. XXVII, No. 2, May 1945, pp. 74-84, and vol. XXVIII, No. 2, May 1946, pp. 92-94.

The views expressed in these articles are summarized in the following statement from one of them: "A suitable volume of money in the economy is a *necessary* condition for maintenance of normal production, and this volume of money, it has been indicated, is a volume which increases as time goes by at a rate approximating the sum of the average annual rate of growth in production, trend of production per capita, and the trend of increased use of money as a store of value" (*Southern Economic Journal*, *loc. cit.*, p. 234).

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Conclusions

The conclusions which emerge from the foregoing discussion may be stated in summary fashion, as follows:

1. The convertibility theory of monetary control embodied in the original Federal Reserve Act was not adequate to meet the monetary problems of modern society, and in fact was abandoned by monetary legislation in the early 1930's.

2. The United States government now has no agency responsible for regulating the value of money, that is, it has no agency which is responsible for preventing, on the one hand, monetary expansion leading to price inflation and, on the other hand, monetary contraction leading to price deflation and business depression.

3. The Board of Governors of the Federal Reserve System, which is generally considered to be the chief monetary agency of the federal government and has stupendous monetary power, has never been given responsibility for monetary control.

4. Monetary law in the United States is ambiguous and chaotic, does not contain a suitable principle for the exercise of the monetary power held by the Federal Reserve System, and has caused confusion in the development of Federal Reserve policy.

5. Extreme monetary maladjustments have occurred since the establishment of the Federal Reserve System, and those maladjustments are primarily responsible for the violence of economic fluctuations during the past three decades.

6. The monetary theory which is held by the Board of Governors of the Federal Reserve System is based on inadequate examination of factual data and is a barrier to development and adoption of the kind of monetary policy needed for full production without inflation.

CLARK WARBURTON

McLEAN, VA.

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THE POLITICAL REËDUCATION OF THE GERMANS: THE EMERGENCE OF PARTIES AND POLITICS IN WUERTTEMBERG-BADEN (MAY 1945-JUNE 1946) *

In the early days of May 1945, shortly after the unconditional surrender of Germany at Rheims, France, a middle-aged German in the town of Schwaebisch Gmuend in southwestern Germany, where the regional military government that was later to administer the state of Wuerttemberg-Baden established provisional headquarters, volunteered his services in the cause of the " revolution ". Asked what specifically he had reference to, he remarked: "You, gentlemen of military government, may treat the occupation as a mere continuation of the successful war you have just concluded. To me and my colleagues, this is the beginning of a new revolution in Germany. Think what you may, to us your denazification policy alone is a most potent revolutionary measure which, if carried to its logical conclusion, will destroy a political, economic, social and cultural system much older than Nazism. A revolution from above is rarely successful in the long run. Surely, you are interested in more than short-range measures. Why not, therefore, enlist our aid ? "

This was the articulate expression of advance anti-Nazi elements and the first sign of political stirrings in occupied Germany. Back of that German stood loosely organized committees throughout Wuerttemberg and Baden, which appeared on

* The author, a former captain in the Army of the United States, was Chief of the Historical Information and Political Intelligence Section, Special Staff, Military Government Headquarters for Wuerttemberg-Baden, from May 1945 to March 1946. His responsibilities included supervision over political party affairs. Because of the nature of the source material on which the article is based, it has not been feasible to employ a formal system of documentation. No reference, however, has been made to classified documents which require War Department authority to cite.

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the scene in the wake of the retreating German armies. They were known by different names, but more popularly as *Arbeitsausschuesse* or Working Committees. Their aims and purposes, set forth in a statement adopted by these committees in the city of Stuttgart, included both political and social welfare objectives. They undertook to lead the fight against all forms of Nazism, to educate the people for peace and democracy, to provide food for the starving and shelter for the homeless, and to " penetrate the country with a new attitude and anti-Nazi principles."

The aid which he and his colleagues proffered was accepted by military government with reservations and the rôle assigned to them fell far short of what they had expected. Military government was more interested in the immediate assistance which anti-Nazis could render as informants to the officer in charge of the removal of Nazis from public office and from positions of importance in commerce and industry, than in their revolutionary concepts. Our official policy at that time was to prohibit political activity, to ban political organizations and, in general, to discourage anything that suggested a political resurgence on the part of the Germans.

When this policy is critically examined in the future, it may or may not be adjudged as having been shortsighted. One thing is certain and that is that for many months military government was compelled to operate in a vast political vacuum, without even the most elementary means of gauging public opinion and of assessing the political complexion of the population and, therefore, ill-equipped to deal with the exploitation of political forces it encountered in the occupied areas. As for the conquered population, the immediate result of this policy was to plunge them deeper into the state of apathy and lethargy into which they had been thrust by their stunning defeat. The Germans were groping in the dark for an answer to the question of what was in store for them; and their uncertainty about the future produced a state of demoralization which deepened with every day that passed. There was no one among them who could speak to them with a voice of authority; while all avenues of public information—the German press, radio,

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cinema, etc.—were closed to them. As a result, they abandoned themselves to the wildest rumors, with little profit to themselves, and to the detriment of military government and the prestige of the United States.

Three months had elapsed before the "Big Three", meeting at the Potsdam Conference, concluded that the time had arrived to relax the early ban on political activity and decided to encourage the growth of democratic political movements. On August 6, 1945, General Eisenhower sent a message to the German people, in which he granted them the right to engage in local political activities. He held out the promise of full freedom to engage in such activities provided they showed "a readiness for the healthy exercise of these privileges". By that time, however, the early revolutionary zeal of those who saw in the spontaneous rise of the Working Committees the seeds of a popular anti-Nazi movement of great political proportions had been considerably dampened. The three-months-old ban served to undermine their confidence both in themselves and in their people. They often ran afoul of military government in their attempts to dominate the German appointees they recommended, in the otherwise wholesome zeal with which they pressed the denazification program, and in their insistence upon the redress of injustices which were difficult to rectify. But what struck their morale most devastatingly was the indifference of the German masses toward everything political. Whereas in the early days of the occupation most Germans were groping, albeit in the dark, in later days all their interests were centered on food, shelter and fuel. They paraded openly their contempt for political parties and their disbelief in the efficacy of political action under a régime of military government. The politicians battered against a stone-wall of deep-seated popular distrust and weakened in the process.

After three months of occupation, the consequences of defeat began to dawn upon the Germans. The food reserves which they had stocked up diminished rapidly and, in the larger towns and cities, were completely depleted. All investigations pointed to a sharp decline in vital food resources, in bread grains, livestock, fats and sugar and there was no assurance that

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minimum requirements would be maintained in the future. The interchange of commodities among the several zones of occupation was almost nonexistent. Even within the American zone, little progress had been made in that direction among the several Army areas. The fear of inflation was great and evoked memories of the past to plague the population. All that was produced was for the benefit of the Army of Occupation, the accumulated stocks of raw materials dwindled rapidly, and the prospect of unemployment cast its dark shadow. To these may be added the acute housing shortage, the lack of fuel, the breakdown of the transportation system, and a host of other problems which made life difficult.

In the face of these problems, of what avail were political parties? The politicians could hold out no hope of an improvement of the situation in the then foreseeable future; they did not control the public administrations, they had no voice in government, and they were not free agents capable of carrying out their programs. Moreover, they were not sure of the award the occupying power had in store for them. They looked in vain for an American band wagon to jump on; that wagon was very elusive. The average American officer and man had no particular ax to grind; his precise mission was ill-defined and, beyond praising the virtues of American democracy, he offered no guidance. These circumstances were not conducive to the development of democratic political activities, as visualized by the military government authorities.

Besides, General Eisenhower's grant of limited political freedom was based on the American experience with political organizations whose strength lies in the precincts, or at the "grass roots". It was his intent and purpose to encourage a grass-root, local type of political organization; and he hoped thereby to stimulate a larger number of Germans to exercise their political initiative, which he thought was indispensable to the development of a widespread political consciousness and responsibility on the part of the people. American experience, however, could not readily be transplanted to European soil, especially if they were at variance with those on that continent.

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The German politician did not grasp the idea of " grass roots "; and it was totally meaningless to the masses. On the contrary, the very thought of the atomization of their political life, which they believed was inherent in General Eisenhower's grant of limited political freedom, permitting the organization of independent political parties on a county basis only, was as abhorent to them as the partition of their country into four zones of occupation. As a result, the early enthusiasm with which the Commanding General's message was greeted soon gave way to serious forebodings.

These forebodings were shared alike by radical and conservative groups. Both feared the devastating consequences which might result from the confusion of programs and platforms and organizations, which was inevitable unless the different movements were centrally guided and directed. The death of qualified and experienced leadership in the small localities caused serious misgivings as to the advisability of committing to inexperienced hands the fate of German politics at such a critical period. The various political shades of opinion had their own individual reasons for apprehension. The Communists and Social Democrats were not sure how deeply the Nazi propaganda against them had sunk into the minds of German men and women; and they were afraid lest all the advantages of the newly won political freedom would accrue to their opponents, especially in the predominantly agricultural areas of southwestern Germany. The liberal and conservative groups, on the other hand, were impressed by the experiences of the aftermath of the First World War and wondered what pent-up revolutionary forces might be released by the grant of political freedom. While few had any objections to freedom of political activity, they all approached their new responsibilities with a great deal of diffidence.

It devolved upon military government detachments in the field to foster political activity, as part of the reorientation program for Germany and as the most promising method of inculcating political consciousness and responsibility on the part of millions of Germans. There was no precedent to guide them

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and little direction from above to steer their course of action. However, as was the case with so many other problems of military government, the surest guide was the wisdom, statesmanship and good judgment of the detachment commander. Colonel William W. Dawson, regional military governor of Wuerttemberg-Baden, was quick to realize the tremendous handicap presented by the political vacuum in which military government was operating. As early as May 1945, he went on record in favor of the earliest possible resumption of educational, cultural and political activities to overcome the negative results which their suspension had produced. On June 30, 1945, he reported to higher headquarters:

> Neither the immediate objectives of military government nor the more permanent aims of the United Nations stand to gain by the perpetuation of the existing state of confusion of the German mind. There is available in this area considerable actual and latent creative talent which, under military government and Psychological Warfare Department guidance, could be mobilized to effectively assist military government in gauging public reaction to its acts and policies, in impressing our own thoughts and views upon the German mind.

A week later, following the establishment of his permanent headquarters in Stuttgart, the capital of Wuerttemberg-Baden, he wrote:

> With the formation of a Land government at hand, this detachment is more than ever conscious of the political void obtaining in this area, which cannot but hamper the successful operation of that government and make our task difficult. We are looking forward to the early resumption of open political activities by the German population, consistent with security and our occupation policy. Such activities will discourage underground movements, minimize the danger of infiltration of Nazi and other undesirable elements into the former democratic parties, prevent the monopolization of political life by one group or another and afford a means of control of public opinion. Directly and indirectly, they will bring to light the existence of a reservoir of potential candidates for public office and other positions of influence and importance.

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And, on July 29, he wrote:

> . . . The cause of the United Nations will be greatly enhanced by a conscious effort to gather and encourage all genuinely liberal forces in the country and to extend to them all necessary facilities for the accomplishment of their mission.

Colonel Dawson's reasons for urging the early resumption of free political activities were both immediate and practical, long range and political. The problems which confronted the detachments were augean in scope. Their solution required the coöperation of the whole population both to restore the minimum essential governmental, economic and social services, and to assure the equitable distribution of available food supplies and other critical commodities, the maintenance of the price and and rationing system, and the enforcement of such other measures as were indispensable to the maintenance of law and order. Someone had to stir the lethargic Germans to action on their own behalf, and that required a high degree of political leadership.

One of the principal functions of military government and a cardinal point in American occupation policy, as outlined in the Joint Chiefs of Staff directive to General Eisenhower in April 1945, was the encouragement of the development of local and regional self-government on democratic foundations. While military government undoubtedly had the power to impose its will upon the conquered population, it availed little as long as there was no agency capable of translating that policy into a language intelligible to the people. The Germans were sorely lacking in self-confidence and often derided their own power of judgment and decision. Their confidence in the military government appointee was even less. The latter was generally looked upon as an ill-fated person, who had been placed in his position for the exclusive benefit and convenience of the conqueror. As such, he did not, in German opinion, represent the true interests of the people; and they implicitly disclaimed all responsibility for his actions. This popular attitude, combined with the diffidence often shown by the German official in assuming new responsibilities, not only contravened military

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government's long-range objectives, but threatened to retard the plans for its withdrawal from the operational field.

In this connection, it may be added that one of military government's most difficult problems was to find suitable replacements for the ousted Nazi officials. It was not enough, from the larger point of view, to dismiss Nazis, but it was necessary to appoint in their place persons who were capable of contributing to the reconstruction of the German administration on a democratic basis. Whereas the need for securing information on the ground to expedite the removal of Nazi officials was partly met by the employment of informants from the ranks of the Working Committees and from certain industrialists and other groups who participated in the plot of July 20, 1944, no equivalent sources of information were available to facilitate the systematic appointment of new officials. Valuable as the recommendations made by the Working Committees and the communicative industrialists were, they always contained the risk of partiality. There was an urgent need of bringing to the fore new men with clear records and administrative and political ability. The opportunities, however, were lacking so long as all forms of political and cultural association were proscribed.

Last, but not least, it was never too soon to start the Germans on the road to political reorientation. The full meaning and significance of the occupation were lost upon them at a most crucial period, when they were most impressionable and appeared to be willing to listen to hard but sober facts. American propaganda was extremely deficient in that respect. Thus, the average German had no understanding of such a fundamental policy as denazification. He construed the dismissal of officials who were found to have been entangled with the Nazi régime, as a deliberate effort to destroy the efficiency of the German administration in order to perpetuate the chaos of defeat; and he interpreted the removal of persons from positions of importance in commerce and industry, as part of a general design to uproot Germany economically in order to enslave her people. The few, who saw in the denazification program an assurance that the mistakes of the Weimar Republic in leaving the old reactionary officials in their positions only to corrode the new state

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will not be repeated, had no means of proclaiming their creed in public.

A special situation existed in Wuerttemberg-Baden which made the early resumption of organized political activity particularly desirable. The state was born out of a compromise, as a result of demands by the French for control of certain areas in southwestern Germany, which were included originally in the American zone of occupation. By the terms of the agreement establishing the frontiers of the several zones, France received on the east bank of the Rhine the southern parts of Wuerttemberg and Baden. The two states were thus cut by a roughly east-west line just south of the cities of Karlsruhe, Pforzheim, Stuttgart and Ulm. The northern parts were included in the American zone; and the two amorphous areas passed under the central control of the regional military government detachment under the command of Colonel Dawson. American policy called for the establishment of a single administration for the two areas and specified the subordination of the administration of northern Baden to the then projected *Land* government in Stuttgart.

To the peoples of Wuerttemberg and Baden, the partition of their states was a greater calamity than the division of the whole of Germany into four zones of occupation. In his inaugural address on September 24, 1945, the Minister President of the state, created by military government, declared: "In the midst of the tragedies which have overtaken them, the people of Wuerttemberg and Baden, without distinction and in unison, look upon the temporary division of their *Laender* as the most bitter pill they have had to swallow in consequence of the war and as the greatest misfortune which has befallen them." They looked upon themselves as victims of an undeserved dual punishment. As Germans, they had to suffer the consequences of the quadripartite partition of their country; as Wuerttembergers and Badenese, they had to endure the hardships of the partition of their states between the Americans and French. This gave rise to all kinds of rumors and led to the popular conclusion that the dividing line, drawn across their ancient states, was part of a general scheme to dissolve old German territorial units.

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The union of north Wuerttemberg and north Baden into one administrative unit or state was received with no less suspicion. Apprehensive over the ultimate fate of their southern provinces in the French zone, the Wuerttembergers and Badenese were gravely concerned lest the union of their northern parts might jeopardize the unity of their states in the future. They feared that the differences between north and south, bound to develop by virtue of their having been placed under different military government administrations, would only be accentuated by the constitutional reforms entailed in the union of north Wuerttemberg and north Baden.

The implications of this situation for military government were far-reaching. Aside from the fact that the partition of Wuerttemberg and Baden duplicated on a small scale the administrative difficulties posed by the division of the whole of Germany into four zones of occupation, it created a series of political and psychological problems which could not be readily solved on the administrative plane only. In the first place, the people could not be easily convinced that they stood to gain anything of permanence by developing self-government in a state which was not of their own making, but which, in their minds, violated their historical interests. This threatened the very foundations of the new structure which military government was trying to erect. Secondly, it foreshadowed a situation in which military government, having proclaimed the encouragement of democratic self-government a cardinal point of its long-range policy, might find itself in a position of having to impose, in the process of the integration of the American sectors of Wuerttemberg and Baden, a system of government against the will of large sections of the population. To remove the Wuerttemberg-Baden issue from the atmosphere of suspicion, idle speculations and wild rumors, it required an enlightened and sober public opinion. And, although Colonel Dawson strove to work out a system of government acceptable to the two areas and pressed for no greater measure of integration of north Wuerttemberg and north Baden than was absolutely indispensable to the attainment of certain military government objectives, it was not until the machinery of de-

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mocracy was put in motion that that beclouded issue first entered the realm of practical discussion.

The beginnings of political party activity in Wuerttemberg-Baden were extremely modest. The parties of the Left, the Communists and Social Democrats, went into action well ahead of the bourgeois groups. But even they first showed signs of timidity about submitting their applications. The rush of submissions came in October and November 1945, with the Democratic and Christian Social groups beginning to take definite form during the latter month. By the end of November, a clear pattern of party alignment had emerged. As a rule, each of the thirty rural and urban counties, into which Wuerttemberg-Baden was divided, had its Communist, Social Democratic, and Christian Social parties. The Democratic People's Party functioned mostly in the counties of Wuerttemberg. These groups were recognized as fast as their application could be checked, and their sponsors screened in accordance with the then existing directives. It was Colonel Dawson's policy to discourage applications from small splinter groups. He advised their sponsors either to seek agreement with one of the major parties or to be content with permission to form societies rather than political parties *per se*.

Of the four parties, the Communist Party had the largest number of dues-paying members and attracted the largest crowds to its meetings. Its organizing ability was generally recognized and its leadership was the youngest and most energetic. From the very beginning, the Communists decided to recruit a politically alert and active but not necessarily large membership, and rejected alike the "opportunistic petit-bourgeois" and the so-called *Lumpen-Proletariat*, or shiftless, semi-criminal proletariat. Their principal immediate objective was the achievement of "working class unity", by effecting a program of joint action with the Social Democratic Party. More than any other party, they stressed their conviction that the masses of the people did not understand and were basically uninterested in political rhetoric, but responded to direct action designed to improve their daily life which, at that time, meant getting through the hard winter ahead of them. In their

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political speeches to the working classes, they stressed the importance of reconstruction work, including schemes for a fairer distribution of available shelters, the erection of communal warming rooms to offset the effects of unheated dwellings, and the pooling of local resources in joint welfare plans with church charities, political party organizations and other social nuclei, to stimulate the population to self-help. They appealed directly to women, through praise and injunction, in the belief that, unless they were given the sort of status and recognition which had made them respond so powerfully under the Nazis, they might become a potentially dangerous political force.

The Social Democratic Party centered its attention on the formulation of a program calculated to appeal to the widest sections of the population and on the utilization of its position in the development of a new trade-union movement. It aspired to become the majority party in Wuerttemberg-Baden and relied as much on winning recruits from the bourgeoisie and the Protestant farmers as upon the hold it retained over the trade-union movement. For this reason, its emphasis on Marxism was reduced to a minimum. Instead, it insisted on democratic processes and evolutionary reform. In their efforts to attract the widest elements of the population, the Social Democrats avoided narrow commitments which might have aroused suspicion among the "doubtful" sections among workers, peasants, small traders, and other bourgois groups to which they directed their appeal. Another important point in the Social Democratic program was its relations with the Communist Party. This question became an issue of paramount importance when the Communist-Social Democratic "merger" got under way in the Russian zone of occupation.

Long before the formation of political parties became an actuality, reports were being circulated of alleged orders issued by the Catholic hierarchy in Germany, enjoining the clergy to refrain from any activities which tended to revive the Center Party in any form. At the same time, a movement was afoot looking toward the union of all confessional groups on a common platform of political action. Such a union was long advocated by Dr. Boltz, former President of the state of Wuert-

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temberg and victim of the Nazi purge following the plot of July 20, 1944. Indeed, in the months immediately preceding the plot, he began negotiations with Catholic and Protestant laymen with a view toward arriving at an agreement for Catholic-Protestant coöperation in case of an internal political upheaval or external defeat of the Nazis.

The first Christian Social group was organized in Stuttgart early in October 1945. It was composed chiefly of the remnants of the former leadership of the Center Party, the Evangelical Christian People's Party *(Christlich-Sozialer Volksdienst)*, and the Protestant Peasant League *(Bauernbund)*. In the course of the next two months similar groups were organized throughout Wuerttemberg-Baden, variously called Christian-Social People's Party and Christian Democratic Union, the latter name being particularly popular in Baden. The principal problem of the new party was to retain the solid block of Catholic voting strength and to win new support from Protestant and other groups, both peasant and middle class. This compelled it to avoid the adoption of any sharply defined position which might have alienated one or the other of its Catholic and Protestant wings, or weakened its appeal to the uncommitted middle classes which it sought to encompass by capitalizing on their fear of revolutionary tendencies. Its program was therefore especially indefinite in character. It reaffirmed the importance of Christian morality as the ethical foundation of the new Germany, rejected totalitarianism in any form, supported the institution of private property (qualified by certain concessions to the necessity for maintaining public utilities under state control), and envisioned church and state "working together", with religion a recognized subject of instruction in all schools, but compulsory only upon request of the parents.

The Democratic People's Party, the last to be organized, has not achieved any significant degree of organization in Baden. A continuation of the old *Deutsche Demokratische Partei*, it emphasized the traditions of nineteenth-century liberalism, the rights of private property (except as applied to the large landowners and such industries as it deemed vital to the welfare of the entire population), and the principle of responsible govern-

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ment under law and opposition to all forms of political radicalism. Its main appeal was directed toward the Protestant bloc in north Wuerttemberg, which was wedged in between Catholic Bavaria and Catholic Baden, and it hoped to exploit the possible distrust of the peasantry and middle classes toward the Protestant-Catholic alliance in the Christian Social movement. It was the party of the professional and merchant classes.

The character and intensity of political activity depended wholly upon the energy, enterprise and imagination of the particular leader or group of leaders in a specific area. But the best of anti-Nazi leadership was gone. Emigration and the concentration camps took a heavy toll. The handful who came out alive from the torture chambers and the larger number who spent the twelve years of Nazi rule in retirement were, for the most part, tired men, discouraged and disillusioned. They faced a new generation that did not know them, and they were discredited in the eyes of those who knew them. Nor were the material conditions under which the parties were formed more favorable. They lacked the most elementary information services, premises for their headquarters and public meetings, freedom of movement and circulation, transportation, and all other facilities which were essential to the proper functioning of a political party. American Military Government Headquarters did not provide for them and offered them no special privileges to enable them to carry on their work.

Perhaps the term modest does not adequately describe the initial stages of the resumption of German organized political activity. They were pitiful. The intensity of political activity was measured by the frequency of public meetings, the size of attendance, and the amount of distributed literature. These were few in number and small in size and volume. The audience at political meetings consisted mostly of middle-aged men, with women and youths in a small minority, if not totally absent. The addresses and speeches were in the nature of historical reviews of the evils committed by the Nazis and their leaders, and of exhortations to embrace the democratic faith. Occasional applause, more out of courtesy than approval, was all that a speaker could hope to elicit from the audience. He had

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no cause to fear hecklers, nor to be concerned about questions from the floor. The stray visitor at one of those meetings could have mistaken it for a Sunday service. The *Political Activity Report of the Regional Military Government* dated October 4, 1945 contains the following description:

> ... Meetings are being held on the average of once a week. They are usually publicized in advance and admission is free. The atmosphere at these meetings is, on the whole, subdued. The number of speakers rarely exceeds two. Attendance normally depends upon the capacity of the premises. The largest attendance reported to date, was 600 at the first Communist Party rally in Stuttgart.
>
> Speeches are usually to the point. The emphasis is on a realistic appreciation of Germany's position in consequence of her total defeat; co-operation with the military government authorities in the solution of the pressing problems of the day—food, fuel and shelter—; the need of uprooting nazism as a prerequisite to Germany's salvation; unity of all democratic and progressive elements. The speeches have thus far been singularly devoid of any reference to doctrinal matters. ...

On November 18, Colonel Dawson reported as follows:

> More than three months have passed since the first political party was permitted to organize in this area. Four distinct groups have since emerged: the Communist, Social Democratic, Christian Social and Democratic People's parties. These parties have been organized on a Kreis level, without formal connections with each other and without an inter-Kreis parent organization. Although their fundamental political ideas are well defined, their official platforms vary from Kreis to Kreis. Peculiar to all the parties is the absence of specific programs and issues, just as their following remains ill-defined. What they are aiming at and whom they are appealing to, is more readily gathered by following the speeches delivered at public rallies, and by observing the social and religious background of the people attending them. Their scanty literature reveals little.
>
> Many obstacles lie in the path of the political parties. The first has been the deepseated distrust of political parties and the glorification of political ignorance among large sections of the population. Considerable persuasion and education will be re-

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quired before the masses are stirred to political consciousness. Another obstacle has been the lack of imaginative leadership to inspire the people with a new faith and purpose. Those who have been calling the people to penitence could offer no absolution and a diet of contrition proved unattractive. The absence of a regional party organization to guide the several movements in the villages, towns and Kreise, where the intellectual and material resources for carrying on with a political movement were either insufficient or totally lacking, has been still another obstacle. A fourth, and a very material one, has been the shortage of paper, the restriction on freedom of publication and, in general, the lack of the most essential means of reaching the mass of the people. Last, but not least, there have been no real issues to provoke political campaigns. All parties have been united in their denunciations of the former regime and of the principles on which it was founded; all have been proclaiming their faith in democracy and in its processes, and all have been agreed on the point that the need of the hour was to concentrate on the provision of food, fuel and shelter for the coming winter. Fundamental issues like denazification, Military Government policy, the future of Germany, her trade and industry, etc., have been approached with the greatest reserve. To these questions the parties have been unable to provide a satisfactory answer and the people knew it. These obstacles are still very much in their way.

Yet, in spite of their difficult position, the parties have had a salutary effect in clearing the atmosphere of the heavy pall of popular apathy. Their potential importance cannot be sufficiently emphasized. They can and will become the instruments of political education and the representatives of the legitimate interests of their constituencies. To give the political parties greater meaning and to stimulate them to greater effectiveness, a greater measure of freedom must be accorded to them, in the first place, to organize themselves on a regional basis, and they must be afforded the means necessary to carry on with their educational and organizational activities.

Meanwhile, developments in Wuerttemberg-Baden, in the United States zone, and in other parts of Germany compelled the parties to take a public stand on certain basic issues. In July 1945, when Colonel Dawson commissioned Dr. Rheinhold

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Maier to form a *Land* government, political activity at any level was proscribed. In these circumstances, there could be no question of party coalitions, and Colonel Dawson decided in favor of a workable government composed of qualified administrators, rather than of political leaders. Dr. Maier selected a cabinet in such a manner as to scatter the six posts, two each, to former members of the German Democratic Party, the Center Party and the Social Democratic Party. With the resurgence of political activity, criticism of the composition of the government increased. In the first place, the Communists objected that they were not represented in the Cabinet; in the second place, the presence of two members of the Democratic People's Party was considered as giving undue advantage to a party which was numerically and organizationally the weakest of all the four parties. Dr. Maier, who from the beginning had acknowledged the need for participation by the largest possible number of traditional party groups, was compelled not only to make good his intentions but also to reckon with the emergent political forces in making appointments at all higher levels. Inevitably, the parties were forced to assert themselves and to press their claims for the largest possible representation in government administration. Thus, for the first time since their suppression by the Nazis in 1933, these parties were within reach of power.

It will be remembered that the union of north Wuerttemberg and north Baden constituted one of the most difficult problems with which the Regional Military Government detachment had to deal. The months immediately following the establishment of the new state revealed an unmistakable tendency on the part of the Baden administration to seek the most independent position for itself, all efforts at administrative integration through the media of assemblies of local representatives of both areas notwithstanding. In this, it had the support of the Christian Social groups. The Communist and Social Democratic parties, on the other hand, were in favor of a permanent union of Wuerttemberg and Baden, arguing that Baden in particular could no longer be considered a viable separate unit. The issue was thus drawn clear as between the radical and the bourgeois groups. It was gradually being forced as the first stage of mu-

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nicipal elections was announced for January 1946, as talk began of calling together a pre-parliament *(Vorparlament)* of representatives from Wuerttemberg and Baden, and as the authorization of *Land*-wide parties compelled the bourgeois parties to organize on a regional basis or expose themselves to charges of representing narrowly circumscribed local interests.

The union of Wuerttemberg-Baden was not the only "union" issue in that region. Early in October 1945, the Communist leaders fired the first shot in the all-important campaign which was developing at the time to effect a merger between the Communist and Social Democratic parties. On October 1, Albert Buchmann, veteran Communist leader and head of that party's organization in Wuerttemberg, called upon the Social Democrats to join with the Communists in the formation of a "united front" of all working-class parties. By the middle of the month, the "united front" drive was in full swing and, at least in one *Kreis*, it was on the verge of producing a General Labor Party, when the Social Democratic conferees withdrew at the last moment. In another *Kreis*, the Social Democrats withdrew immediately after preliminary discussions with the Communists had begun. From that time on, the party truce, which had existed from the first day of the occupation and which had been excessively encouraged by the regional military government, began slowly to dissolve. From invitations and friendly admonitions, the Communists went over to more direct attacks on the Social Democratic leadership, while the latter countered with charges against the Communists as misrepresenting the interests of the German people.

It was not, however, until the details of the merger resolution adopted by Communist and Social Democratic leaders in Berlin on December 20 filtered into the American zone, that the "united front" issue flared up in earnest and assumed the proportions of a first-class political battle. The Communists seized upon the Berlin Resolution as a strong weapon against their Social Democratic opponents and carried the "united front" campaign directly to the constituencies. Although the Social Democratic leaders in Wuerttemberg-Baden, as in all other parts in the American zone, disclaimed the binding authority of any decisions that might be made in Berlin, they did not hide their

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embarrassment nor deny their deep concern. The Communists undoubtedly had scored a victory on the propaganda front. After all the admonitions against a return to the pre-Nazi period of a multiplicity of parties and of suicidal struggles within the working class, the Communist argument, that their willingness to abandon their party identity in the interests of working-class unity gave evidence of their sincerity, was impressive. Threatened with internal and external disruption, the Social Democratic Party was forced to adopt a more aggressive organizational policy in order to counteract effectively the Communist campaign.

The developments in Berlin also had the effect of stimulating the parties of the Center and Right to greater political activity. They hoped to fall heir to the uncommitted elements of the population to whose allegiance the Social Democratic Party aspired, as well as to the more conservative groups in that party itself, who feared that the pressure from the East would eventually overwhelm the remnants of Social Democracy in the West. Besides, they were encouraged in the belief that their warnings against the danger of Communist inroads had been vindicated. At this point, it must be added that the more far-sighted among the leaders of these parties saw in the predicament of the Social Democrats a greater cause for concern than for profit.

While these and other issues were being fought over, the parties were preparing for their first test in the field. On October 17, 1945, General Clay, Deputy Military Governor, announced that the elections planned for the American zone would be held, as scheduled, in January 1946. In spite of the fact that the party leaders looked upon the then forthcoming elections with considerable trepidation and discounted the results in advance on the ground of inadequate preparation and lack of opportunity either for effective party propaganda or for adequate control of the candidates, they were eager to make the best showing possible. It was the first time that the parties were afforded an opportunity of exercising their power directly in the affairs of the state and their efforts given incentive and the promise of concrete returns.

The issues with which the parties grappled were broader than the territorial limits within which their formal activities were

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confined, and the anachronism of the *Kreis* party system became patent. On November 23, 1945, the American Military Government Headquarters issued a directive authorizing the formation of *Land*-wide parties. Within a month, all four parties in Wuerttemberg-Baden, which had long ago established an efficient network of inter-*Kreis* liaison, some of them entertaining also close contact with party leaders in the other zones of occupation, functioned as regional organizations. The immediate effect of the new status was noticeable not only in the increased tempo of their political activities, but in the character and scope of their political thoughts and pronouncements, in the relative boldness with which they discussed national and international affairs, the future of Germany, military government policies, zonal and interzonal problems, and in their criticism of the German administrations at local and *Land* levels, and of the military government appointees to office. Much of their courage was, of course, drawn from the events of the day—the deterioration in American-Russian relations as a result of the failure to implement the Potsdam Agreement, American emphasis on the need of reëstablishing a degree of German exports, the withdrawal of military government personnel from the operational field and the progressively larger measure of governmental responsibility entrusted to the German authorities, the promise held out by the establishment of the *Laenderrat,* or Council of States, as a sort of a central German authority in the United States zone, the reopening of the elementary, secondary and higher schools of education, the expansion of the German information services, and, lastly, the brighter prospect for the winter by the increasing import of American wheat. It took, however, centralized leadership to set the tone, to focus attention on certain questions, and to give them a particular emphasis.

From their timid beginnings in August 1945, the political parties grew into a force whose influence was being increasingly felt in practically every department of public life. They roused the masses from their apathy and lethargy and compelled them to pay attention to problems which affected them not only as individuals, but as members of classes, groups and communities. They helped to bridge the gap which separated the people from their governments at all levels, and taught them to regard the

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public officials as their own and not as so many tools of the occupying power. In this and in many other ways, the parties were helpful in preparing the ground for the assumption by the Germans of ever greater responsibilities for governing themselves. Furthermore, they did more in the way of explaining to the people the nature and purpose of the occupation than all the combined information services at the disposal of military government. Not every act of military government was intelligible to the great majority of the people, but, on the contrary, its motives and purposes were often misconstrued. The political parties sought to overcome the false impressions and strove to counteract the influence of irresponsible rumors. They also endeavored to keep the moody Germans, who were given to extremes in both their pessimism and optimism, on an even keel and to prepare them to cushion the shocks of disappointments which were bound to multiply. Finally, they embarked upon a program of reorientation to educate the people to the meaning of democracy. When, for example, a speaker at a political rally told his audience how he pleaded in vain with the Nazi administrator to leave the bridge in their town intact, because it served no strategic purpose but was vital to the life of the community, he did much to place the responsibility for their plight where it belonged. When he spoke of his experiences in a concentration camp, he did more to bring home to the Germans the truth of the Nazi enormities than the most authentic photographs displayed for public view. Although it cannot be said that the parties succeeded in clearly orienting the people on fundamental issues, they filled in great measure the mental void in which the Germans had been living.

By the middle of January 1946, the political parties had arrived at the end of their formative period. They now faced a series of elections which were to test their popular strength. They were also to prove to themselves, as well as to the world, their ability and maturity to guide the German masses on the road to political consciousness and responsibility. The first elections were held on January 27, in 1,458 communities *(Gemeinden)* with less than 20,000 population and with a total qualified electorate of 942,288. Out of a total of 775,582 votes cast, 242,131 (30.8 per cent) went to the Christian Democratic

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Union, 158,410 (20 per cent) to the Social Democratic Party, 54,510 (7 per cent) to the Democratic People's Party, and 29,653 (3.8 per cent) to the Communist Party. The number of independent votes amounted to 291,878 (37 per cent), but subsequent investigations revealed a large percentage of the independent votes were cast for Christian Democratic Union favorites.

The results of the elections were subjected to divergent interpretations and were given to all kinds of speculation. Every interested party read into them a meaning which either vindicated its anticipations, or confirmed its hopes for the future. Undoubtedly, the most outstanding facts of the elections were the high percentage of popular participation (85 per cent), the large number of independent votes (37 per cent), the small number of invalid ballots (3.5 per cent) and, above all, the victory of the Christian Democratic Union. Not every one was agreed that the popular participation in the elections was necessarily indicative of a conscious effort on the part of the population to demonstrate its understanding of an adherence to the democratic processes. It was attributed as much to the novelty of the elections, as to fears among the conservative peasants that the politically more active parties of the Left might come into power. The high percentage of independent votes was variously interpreted as a vote of nonconfidence in the established political parties, as a sign of existing fears to be identified with any one of them, and as an indication of the organizational weakness of the different parties. The emergence of the Christian Democratic Union, as the most popular party, was variously regarded as a rejection of extremism, leftism and radicalism in any form, as an affirmation of the rebirth of Christianity in Germany, and as an attempt on the part of Nazis and reactionaries to hide behind the cloak of religion and seek its protection. Although the limited character of the elections was generally recognized, the conclusions reached by the various groups became part of their campaigns during the next several months.

The second elections were held on April 28, in all rural counties and in five rural communities with over 20,000 inhabitants. Apart from the latter communities, the April elec-

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tions for county councils involved the identical electorate as the January elections. Of the 659,841 votes cast, the Christian Democratic Union polled 313,276 (47.4 per cent), the Social Democratic Party 165,688 (21.5 per cent), the Democratic People's Party 69,778 (10.5 per cent), the Communist Party 37,740 (5.7 per cent), and others, independent and invalid, 73,359 (11.1 per cent). The most significant fact in these elections was the sharp decline in the number of independent votes from 37 per cent in January to about 7 per cent in April. This was due largely to the improved organization of the parties. These elections also proved conclusively the strength of the Christian Democratic Union, at least in the rural areas and in the small communities.

The *Stadtkreis,* or urban county, elections were held on May 26. Only six cities in Wuerttemberg-Baden qualified for these elections, namely, Stuttgart, Mannheim, Karlsruhe, Ulm, Heidelberg and Pforzheim. A total of 469,342 votes was cast of which the Christian Democratic Union received 145,964 (31 per cent), the Social Democratic Party 161,122 (34.3 per cent), the Democratic People's Party 71,883 (15.3 per cent), Communist Party 55,868 (11.9 per cent), independent and invalid 34,505 (7.5 per cent).

Finally, on June 30, 1946 the entire electorate was called to the polls to elect a constitutional convention in the first elections to be held on a *Land* level. Unlike the preceding elections, in which the issues were ostensibly local, in the June elections the Germans faced constitutional issues very similar to those which confronted other European peoples. Broad considerations and issues of a national and international character were involved by implications which exceeded the bounds of the *Land.* These included not only the question of the Wuerttemberg-Baden union, governmental forms and structures, but German nationalism and the integrity of the Reich, denazification, collective guilt, social and economic reforms, and a host of other vital issues peculiar to the American zone as a whole. For this reason, the popular vote by parties was considered especially significant. The results only confirmed the trend which was noted in the preceding three elections. Of the 1,208,481 votes

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in the latest elections, 474,878 (39.2 per cent) were polled by the Christian Democratic Union, 374,739 (31 per cent) by the Social Democrats, 116,521 (16.1 per cent) by the Democratic People's Party and 195,440 (9.6 per cent) by the Communists.

The purposes of the elections were to restore the framework of self-government by representative councils in communes, cities and rural counties, and to lay the foundations for the establishment of a *Land* government on a democratic basis. Indirectly, they also revealed the political complexion of the population. To the extent that the Germans have rejected extreme experiments and political philosophies, the results were conclusive. The emergence of the Christian Democratic Union as the leading party and the heavy vote for the relatively conservative Social Democrats showed that, in spite of their economic stagnation and political helplessness, the Germans were not prepared for radical changes. Whether their political mood was influenced by ties with the past, or by critical observations of the crosscurrents in the world today, is a question to which no certain answer can be given. A superficial comparison with the results of the last free elections in Germany in 1932 would indicate that the former was more likely. In so far as the progress of the Germans toward democracy and political responsibility is concerned, the elections proved little. There was little evidence to indicate that they had yet acquired a basic understanding of democracy. The German masses had been so cast adrift politically, spiritually and intellectually by their recent political history, that they tended to be disillusioned, confused, timid and reluctant to participate actively in political life.

In his report of February 24, 1946, a month after 85 per cent of the qualified electorate turned out to vote in the first elections, Colonel Dawson made the following comment:

> . . . A certain restiveness is noticeable among the German population. It cannot be attributed to any particular cause or event of recent happening, nor to any sudden change of attitude towards the occupation authorities. Rather, it is a result of the cumulative effect of an uninspiring present and an unpromising future. German life today is devoid of spirituality and lacks zeal and the strength of conviction. All calls to

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penitence fall on deaf ears. Penitence implies admission of guilt and no one wishes to stand accused. Penitence also holds out the promise of absolution, but that, to the Germans, is as nebulous as it is far off in the future. The appeals to reconstruction find no greater echo. It is a negativism which springs from an awareness that they have ceased to be masters in their house but have become objects in the game of international politics. . . .

Germany is in the throes of a spiritual and intellectual crisis. The people are beginning to inquire more searchingly into their present and future, but what they see about them is nothing but a vast abyss. They are seeking in vain for a beacon to guide their way out of it. . . . Democracy has become a popular by-word and its virtues are being proclaimed in public. As a force in the daily life of the people, however, its influence is hardly perceptible. It is readily exhausted by the profession to its external forms and the discharge of democratic rights at the polls. Again, democracy has not become the passionate ideal, because it was not fashioned in the crucible of fire and sword. It is a gift of the conqueror. There is no reason to fight for it, because its existence is not threatened. It is safeguarded by the power and might of the Armies. . . .

In many respects, the period covering the elections was less favorable to the development of political consciousness and responsibility among the people than the preceding six months. In the beginning of 1946, it already became abundantly clear that the treatment of Germany as an economic unit in accordance with the Potsdam Agreement was farther away than ever. The zonal boundaries became sealed more tightly and the American zone sank ever more deeply into the economic morass in which it had found itself from the very beginning of the occupation. Without the hope of a reasonable economic situation, it was idle to expect the German to play a constructive part in the development of democratic political activities. That hope could not be held out to him. In his report of March 20, 1946, General McNarney wrote:

The major underlying factors in the basically adverse situation which . . . exists in the United States zone are the progressive depletion of materials and supplies on hand resulting from lack of

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> interzonal trade, a loss of popular confidence in the currency and a consequent tendency towards hoarding of tangible goods, lack of an adequate basis for normal financial transactions, continuing problems of transportation, and lack of sufficient food to support the caloric ration which had been anticipated last summer and fall. The effect of these adverse factors has been to undermine the determination which carried the German people through the difficult winter months. Low morale and uncertainty about the future are now major hindrances to all economic activity. . . .

Interest in constructive political activity was further limited by the fact that the final responsibility for fundamental policies rested with military government. The consciousness of this fact was largely responsible for the failure of the political parties to evolve any real political ideas, any political faith or belief which holds promise for the future. The party conventions which were held between January and June 1946 produced no more clear and well-defined political, economic and social platforms than the ones contained in their original applications in August and September of the preceding year. The further one passed from left to right, the less clear the party programs became and the more difficult to identify the principles on which they were based. The inevitable result was a steady lessening in the substantial content of all political activity. With few exceptions, the issues which stimulated such activity in the closing months of 1945 lost their driving force. The questions which concerned the Germans most—the economic and political unity of Germany, industrial and commercial reconstruction, reparations, territorial boundaries, Russian policy, and so forth —were outside the province of the political parties. Parochial issues proved uninteresting and often trivial; they failed to capture the imagination of the people.

Thus, politics continued to be confined to a comparatively small group of party leaders. Some of them were earnestly striving to instill in the masses a real and intelligent interest in politics; others were more interested in building up party machines. The number of leaders with profound convictions and insight into the nature of Germany's situation remained

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very small. Much time and effort were devoted to organizational matters, while the internal consolidations were attended with great difficulties. The latter was especially true of the Christian Democratic Union with its diverse elements fighting for supremacy. Although military government continued to extend to the parties various privileges to enable them to discharge their increasing responsibilities, including a party press, the technical facilities at their disposal remained far below their minimum requirements. After almost a year of political freedom, the basic political problem remained that of awakening thoughtful political interest among the people.

In the last analysis, all political activity in Germany to date has been largely in the nature of the political education of the people. But the processes of education are necessarily slow and their effects cumulative. There is no proved method of how best to bring democracy to a people that was not born into it. In the light of experience, however, the program of our military government for the political education of the Germans has proved as sound as any in the four zones into which Germany is divided. By restoring the ballot at a comparatively early stage in the occupation, military government gave the Germans an incentive to participate actively in the establishment of democratic institutions and to regard them as their own. The ultimate success or failure of their political education depends upon the Germans themselves. The responsibility of military government will end the moment it creates the necessary conditions for its success.

MOSES MOSKOWITZ

NEW YORK CITY

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THE RESPONSIBILITY OF ADMINISTRATIVE OFFICIALS IN A DEMOCRATIC SOCIETY

THE classic doctrine of separation of powers has long been accepted as a fundamental tenet of the American constitutional system.[1] In one version or another it has a most distinguished ancestry, including almost every outstanding name in political theory from Aristotle to Locke and Montesquieu.[2] The doctrine, in the words of Montesquieu, is:

> In every government there are three sorts of power: the legislative; the executive, in respect to things dependent on the law of nations; and the judicial, in regard to things that depend on the civil law.
>
> By virtue of the first, the prince or magistrate enacts temporary or perpetual laws, and amends or abrogates those that have already been enacted. By the second, he makes peace or war, sends or receives embassies, establishes the public security, and provides against invasions. By the third, he punishes crimes, or determines the disputes that arise among individuals. The latter we shall call the judiciary power and the other simply the executive power of the state.[3]

[1] Malcolm P. Sharp, "The Classical American Doctrine of 'Separation of Powers'", 2 *U. of Chicago Law Rev.* 385 (1934-35); Edward S. Corwin, "The Progress of Constitutional Theory Between the Declaration of Independence and the Meeting of the Philadelphia Convention", 30 *Am. Hist. Rev.* 511 (1925); *Evans* vs. *Gore* 253 U. S. 245 (1920); *Springer* vs. *Government of Philippine Islands* 277 U. S. 189 (1928); W. W. Willoughby, *Constitutional Law* (Student's Ed., 1935), ch. lxxv; F. J. Goodnow, *Principles of the Administrative Law of the United States* (New York and London, 1905), pp. 1-55, 64-94, Bks. V and VI, *Politics and Administration* (New York, 1900), ch. 1, and *Comparative Administrative Law* (New York, 1893), Bk. I; Frederick Green, "Separation of Governmental Powers", 29 *Yale Law Journ.* 369 (1929).

[2] *Federalist*, No. 47 (Madison).

[3] Montesquieu, *Spirit of the Laws* (World's Greatest Literature, 1900), Bk. XI, ch. 6; I, 151.

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The espousal of the doctrine by the "Framers" and by the leaders on the American scene during the nineteenth century was inevitable. The very simplicity and symmetry of the threefold division of governmental functions and organs suited their rationalist approach.[4] Most important, the doctrine fitted in well with their conception of the rôle of government and their analysis of its operations. The concept of separation of powers and its corollary, checks and balances, appealed to men who distrusted representative bodies, feared all-powerful executives, espoused the mechanical[5] theory of the judicial function, and believed in the laissez-faire philosophy—"that government is best which governs least."[6] These political ideas suited the temper and needs of the country, and especially the economically dominant groups.[7]

[4] There is considerable confusion in the discussions of the doctrine between a separation of "functions" and "organs". Sharp, *loc. cit.*, pp. 386-414.

[5] Sometimes referred to as the "rationalist" or "mechanistic" theory. For a summary of the theory see Jerome Frank, *Law and the Modern Mind* (New York, 1935), esp. Part I, chs. iv and xiii.

[6] For an excellent statement of the philosophy of the "policeman" state, see Jefferson's Inaugural Address, 1801, in *Writings of Jefferson* (Washington Ed., 1853), VIII, 1-5; Charles E. Merriam, *History of American Political Theories* (New York and London, 1903), ch. iv; F. W. Coker, *Recent Political Thought* (New York and London, 1934), esp. chs. x, xiii and xvi; Vernon L. Parrington, *Main Currents in American Thought* (New York, 1930), vols. I and II; Charles A. Beard, *An Economic Interpretation of the Constitution of the United States* (New York, 1914), esp. ch. vii; J. M. Jacobson, *The Development of American Political Thought* (New York and London, 1932), pp. 88-283; George Catlin, *Story of the Political Philosophers* (New York and London, 1939), ch. x; Carl L. Becker, *Heavenly City of the Eighteenth-Century Philosophers* (New Haven, 1932) and *The Declaration of Independence* (New York, 1922); Charles M. Wiltse, *The Jeffersonian Tradition in American Democracy* (Chapel Hill, 1935).

[7] Charles A. Beard, *The Economic Origins of Jeffersonian Democracy* (New York, 1915), esp. ch. xiv, and *Economic Interpretation of the Constitution*, esp. ch. vii; Charles A. and Mary R. Beard, *The Rise of American Civilization* (New York, 1936), chs. vi-vii; Parrington, *op. cit.*; Arthur M. Schlesinger, *New Viewpoints in American History* (New York, 1922), esp. chs. iii and viii; Frederick J. Turner, *The Frontier in American History* (New York, 1920); C. Grove Haines, *The Role of the Supreme Court in American Government and Politics, 1789-1935* (Berkeley and Los Angeles, 1944), esp. chs. i-vi, and *American Doctrine of Judicial Supremacy* (New York, 1932), chs. ii, ix and xviii; Louis M. Hacker, *The Triumph of American Capitalism* (New York, 1944), Part II, pp. 93-199; Chester W. Wright, *The Economic History of the United States* (New York and London, 1941), Part II, pp. 185-287.

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The basic structure of the national government provided for in the Constitution, and brought into being by the election of 1789 and the passage of the Judiciary Act of 1789, has continued to this very day with no basic formal change. Yet, apart from theory and form, revolutionary changes have been effected to such an extent that any similarity between the national government of 1946 and that of Tocqueville's day is very much incidental. Technological changes, development of political parties, urbanization, mass education, trade unionism, feminism, and the development of a general sense of self-respect and power in the average citizen have wrought fundamental changes in our society and in the national government.[8] The rise of the bureaucracy—the administrative branch of the government—a corollary to the shift from a laissez-faire to a public service state, represents a fundamental change in the nature of the American constitutional system.[9] Max Weber has said: "In the modern state the real government effectuates itself neither in parliamentary debates nor in royal proclamations, but

[8] President's Research Committee on Social Trends, *Recent Social Trends in the United States* (New York, 1933), esp. chs. ii, v, xxv, xxvii and xxix; Charles E. Merriam, *New Aspects of Politics* (Chicago, 1931), ch. i, *The New Democracy and the New Despotism* (New York and London, 1939), Part I, esp. pp. 50-71, and *Systematic Politics* (Chicago, 1945), ch. i.

[9] The quantitative magnitude of the change is exemplified in a comparison of the number of federal employees in Tocqueville's day to that of our own, 12,000 against 2,500,000 approximately. *Democracy in America* (Reeve Text, New York, 1945), I, 125 and note 17. See also Leonard D. White, *Introduction to the Study of Public Administration* (New York, 1939), chs. ii and xix; William Mosher and J. Donald Kingsley, *Public Personnel Administration* (New York and London, 1938), esp. chs. i and ii; Paul H. Appleby, *Big Democracy* (New York, 1945), esp. ch. ii, for an illustration of the growth of one department. Professor Quincy Wright has suggested that the foreign relations power was viewed by the Founding Fathers as a "Fourth Department of Government". *The Control of American Foreign Relations* (New York, 1922), pp. 143-150. For a skepticism as to the sanctity of the classical doctrine of separation of powers, see also James M. Landis, *The Administrative Process* (New Haven, 1938), Introduction and ch. ii. This is not the place to enter into a discussion of the regulatory commissions and administrative boards and tribunals, and of the efforts by the courts to squeeze them into an ancient mold. Robert E. Cushman, *The Independent Regulatory Commissions* (New York and London, 1941), and his study, "The Problem of the Independent Regulatory Commissions", in President's Committee on Administrative Management, *Report of the Committee, with Special Studies on Administrative Management in the Federal Government* (Washington, 1937), pp. 203-43.

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in the exercise of administration in daily life, necessarily and unavoidably in the hands of the civil service." [10] While some may find intellectual comfort and solace in hagiologic incantations on the virtues of the system of separation of powers, students of government can ill afford the luxury. Today's need is for a critical analysis and evaluation of this classical doctrine.[11]

In a technologically remade and socially interdependent world, the growth in the scope and nature of administrative services, and in the number of professional technicians to perform these services, has been phenomenal.[12] Nor is there reason to assume a diminution in the functions of government, and in turn a decrease in the size of the bureaucracy. On the contrary, every technological advance, whether it be atomic energy or penicillin, calls for more governmental activity and more "government men". The leviathan state has not yet spent its day. How does this all-important and powerful instrument fit into our picture of the distribution of governmental authority? Apart from the change wrought by the rise of the bureaucracy, though perhaps related to it, there is much that suggests that valuable light could be shed by a critical analysis of the nature of the legislative and judicial departments—their rôle and mode of operation. In the case of the latter, the brilliant contributions of Holmes, Cardozo, Llewellyn and Frank, among others, have done much toward a new understanding of the judicial function.[13]

This essay will be limited to an examination of the question of the responsibility of the higher civil servant under a democratic system of government—an attempt to analyze the position of the administrative official under our constitutional system—and

[10] Quoted in Herman Finer, *The Theory and Practice of Modern Government* (New York, 1932), II, 1164.

[11] Landis, *op. cit.*, ch. ii.

[12] Mosher and Kingsley, *op. cit.*; White, *op. cit.*

[13] O. W. Holmes, *The Common Law* (Boston, 1881), and *Collected Legal Papers* (New York, 1937); Benjamin N. Cardozo, *The Nature of the Judicial Process* (New Haven, 1921), and *The Growth of the Law* (New Haven, 1934); Karl N. Llewellyn, "A Realistic Jurisprudence—The Next Step", 30 *Columbia Law Rev.* 431 (1930); Frank, *op. cit.*

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of the problems and pitfalls which have accompanied the emergence of the bureaucracy in the modern service state.[14]

The problem of the responsibility of administrative officials in a democracy is the very crux of the problem of the maintenance of the democractic system. "A responsible administration, cherished and strengthened by those to whom it is responsible, is one of the principal foundations of the modern democratic state." [15] The very continuance of the democratic system depends on our ability to combine administrative responsibility with administrative discretion. Both are indispensable for the maintenance of a democratic service state.[16]

In order to deal adequately with this problem, it is necessary to define the basic terms and assumptions of the democratic system. It is equally important to examine the extent to which the traditional concepts have been altered by the change in size and functions which modern civilization has wrought in the administration of the state. Only by taking note of the "constitutional and administrative understandings" which make the wheels of government move can one arrive at a realistic formulation of the rôle of the administrative official, the means for keeping him responsible, and the significance of the separation of powers in the administration of the democratic state. This analysis will deal primarily with the American scene. Perhaps

[14] For an early statement of the theory of the modern state see Léon Duguit, *Traité de droit constitutionnel* (Paris, 1911), esp. pp. 49-51, 69-79, *L'état, le droit objectif et la loi positive* (Paris, 1901); Merriam, *New Democracy*, Part I; John Dewey, *Freedom and Culture* (New York, 1939), *Individualism, Old and New* (New York, 1930), and *Liberalism and Social Action* (New York, 1935); Finer, *Theory and Practice of Modern Government*, Part I, ch. xxvii.

[15] White, *op. cit.*, p. 578.

[16] See Professor J. Donald Kingsley's analysis of the British system, *Representative Bureaucracy* (Yellow Springs, Ohio, 1944). Also, White, *op. cit.*, p. 562, where he says: "The consolidation of administrative power in the hands of the chief executive, the ever widening range of governmental action, the broad delegation of discretionary power to commissions, increasing impact of government upon personal and business relations, and the concern widely felt for democratic institutions in the light of contemporary events, all suggest the need for a truly effective scheme of responsibility. To maintain such a system, which at the same time will permit energetic fulfillment of public policy, is one of the major long-range problems of the future. . . ." See also Avery Leisersen, "Politics in Administration", 5 *Pub. Adm. Rev.* 168 (1945).

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the administrative process and the problem of the responsibility of administrative officials can best be visualized by means of a hypothetical case study of the administrative process, which, however, the reader can be assured, has its real counterparts in the day-by-day government administration.

The press has during the past two or three years called attention to the fact that several agencies have been at work on the question of the formulation of an American policy toward Germany [17] and, approaching the problem from their respective major interests, have arrived at different solutions. It is no answer to suggest that under proper organization the problem should have been dealt with in only one department. It is clear that the State Department had a responsibility for the drafting of such a policy; the War Department had a real interest in the policy to be executed since it was responsible in the initial instance for the administration of the directives; the Treasury Department, due to its concern in domestic taxation and financial policy, which are closely related to reparations settlements and financing of the army of occupation, was a legitimate partner. Moreover, the Foreign Economic Administration was specifically charged by the President with the formulation of economic policy and the drafting of economic disarmament measures under the over-all guidance of the State Department. This was not an unusual instance of interdepartmental policy formulation; many problems involve the participation of three or four departments. It is significant to note that the employees and top officials of these agencies all had available to them basically the same data and information, yet newspaper accounts have emphasized that, initially at least, there were considerable differences in their conclusions.[18]

That was not surprising. Since the agency representatives differed in background and outlook, they approached the problem from different angles and with different points of emphasis.

[17] *The Wall Street Journal*, Sept. 13, 1944, p. 1; "The Washington Merry-go-Round", *The Washington Post*, Oct. 5, 1944, and *N. Y. Mirror*, Oct. 6, 1944. See also "The Washington Merry-go-Round", *The Washington Post*, Aug. 8, 1945, p. 12, Aug. 9, 1945, p. 17.

[18] *Ibid.*

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Now let us assume that these divergent policy recommendations were submitted for reconciliation to an interdepartmental committee of technicians. The differences were not reconciled, but were referred, it will be assumed, to a higher-level interdepartmental committee and then to a committee of cabinet officers, the issue ultimately reaching the President. It is not unusual for a major policy issue to be submitted to the President for final decision—that is as it should be, for, in the final analysis, he is responsible for the formulation of policy of the executive branch of the government.[19]

The President, as a rule, limits his decision and his policy guidance to brief general statements that take the form of a paragraph, or, at most, a one- or two-page memorandum to the executive departments. Such a memorandum is intended to point the path which United States policy is to take. Using the brief presidential directive, technicians are expected to work out the specific details of administrative aspects of the policy. Because of the inevitable generalities of the presidential directive, junior officials are in a position to reintroduce their points of view, and to interpret the presidential directive in a manner least damaging to their original positions. The attempts to interpret top directives to suit personal predilections may be, and on rare occasions are, deliberate and malicious. More often they result from real difficulties connected with recognizing another point of view and properly evaluating one's function and responsibility. It is also quite easy to imagine agency representatives seeking to interpret narrowly presidential directives and to reintroduce their basic positions on closely related issues, for example on the question of United States policy toward Japan after the policy toward Germany has been resolved. The formulation of the Japanese policy may well have had to overcome the same obstacles.

Carrying this hypothetical case yet another step, when the specific statement of policy toward Germany is finally agreed

[19] President's Com. on Adm. Mgt., *op. cit.*, "Introduction"; James Hart, "The President and Federal Administration", ch. 2, pp. 47-93, in C. Grove Haines and Marshall E. Dimock (eds.), *Essays on the Law and Practice of Governmental Administration* (Baltimore, 1935); Edward S. Corwin, *The President, Office and Powers* (New York, 1940), chs. 3 and 4.

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upon, a document is forwarded to the field where it is again subjected to interpretation by the top officials, and in turn by the subordinate officials, who are responsible for its execution.

It is not an unwarranted assumption that the officers assigned to the task of administering occupation policy had not been chosen, the first place, on the basis of their known identification chosen, in the first place, on the basis of their known identification with the United States policy, or even with an eye critical of their political or economic philosophy, or past, professional or their "know how", or their rank. Many of the officers and soldiers who had distinguished themselves as soldiers on the field of battle were now entrusted with responsibility for the adminstration of political and economic decisions of a fundamental nature. If the administration of United States policies in Germany wavered from the intent of its begettors—and there has been suggestion that it has—it need not be because the loyalty of the personnel had faltered, but because they were in a position, in the new jobs, to interpret policies in the light of their individual concepts of the best American policy and of their personal relations with Germans.[21]

Newspaper accounts have, in fact, suggested that the formulation and administration of United States policy toward Germany have actually proceeded along much the thorny path hypothesized above and support the assumption that there is considerable reality to this description of the administrative process.[22]

Administrative officials will easily recall instances where policy decisions required execution by an agency which had taken a position contrary to the one finally adopted. Often they have found it difficult to recognize, on the basis of the zeal and enthusiasm with which the executory agency administered the program, that their original position on the policy issues had prevailed. Perhaps the accounts as to the zeal with which the ordered continuation of allocation and production controls by

[20] *N. Y. Times*, Oct. 8, 1945, p. 1; *PM*, July 24-26, 1945, p. 3; Thomas Stokes, "Cartels", *N. Y. World Telegram*, May 26, 1945, p. 1, 2nd section.

[21] *Ibid.*

[22] Material cited n. 17 *supra*.

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the Civilian Production Administration, at the behest of the Office of Price Administration, has been administered are examples of the point.[23] It is not unusual to hear a frustrated official remark, when congratulated on the winning of a policy issue: "Yes, yesterday we won, but don't forget this is another day."

The theory as to the responsibility of administrative officials has been based on the notion of neutrality of the public service; the existence of a rigid line separating administration and execution from policy formulation; the idea that the technical character of governmental administration and the scientific nature of public administration which give the trained public servant an opportunity to act on the basis of objectively established principles; the influence of the "fellowship of science"—the responsibility arising out of concern for the opinion of fellow technicians, who are capable of judging the actions of their colleagues in terms of scientific knowledge bearing on the decisions; the resort to the courts; and the influence of the power to hire and fire. From such assumptions there is often drawn an elaborate theory concerning the responsibility of administrative officials.[24]

It is no secret, however, to thoughtful administrators that the facts do not square with the suggested theory. Let us return to the case of the formulation of German policy. The public servants did not act, whatever their intentions may have been, as

[23] *Washington Post*, Aug. 8, 1945, p. 1.

[24] Carl J. Friedrich, "Responsible Government Service under the American Constitution", in Commission of Inquiry on Public Service Personnel, *Problems of the American Public Service* (New York and London, 1935), and "Administrative Responsibility", in *Public Policy* (Cambridge, 1940), edited by Carl J. Friedrich and Edward S. Mason; Herman Finer, "Better Government Personnel", 51 POL. SCI. QUAR. 569 (1936), and "Administrative Responsibility in Democratic Government", 1 *Pub. Adm. Rev.* 335 (1941). See also Kingsley, *op. cit.*, ch. xii; John M. Gaus, "The Responsibility of Public Administration", in *The Frontiers of Public Administration*, by John M. Gaus, Leonard D. White and Marshall E. Dimock (Chicago, 1936), ch. v; Marshall E. Dimock, "Forms of Control over Administrative Action", in Haines and Dimock (eds.), *op. cit.*, ch. ix, pp. 287-321; Leonard D. White, "Congressional Control of the Public Service", 39 *Am. Pol. Sci. Rev.* 1 (1945); "Accountability of Executive to Congress", in President's Com. on Adm. Mgt., *op. cit.*, pp. 49-50; Arthur W. Macmahon, "Congressional Oversight of Administration: The Power of the Purse", 58 POL. SCI. QUAR. 161 and 380 (1943).

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neutral officials. The administrative officials were involved in policy matters. Their decisions and their differences were not based on scientific data—hence approbation of their fellow scientists could not guide them to the use of more correct scientific knowledge. They had no fear of judicial proceedings against them, nor that they would be fired because of their policy positions. The fear of being fired is especially lessened where the junior officials and the senior officials have a similar social outlook, and where a spirit of group cohesion prevails as a result of a common social background and training. Though the development of a strong *esprit de corps* is most desirable, within a small and exclusive group it becomes dangerous. It assumes the form of a closed club, the members of which can, in each other's eyes, do no wrong.

The real issues and differences of opinion as to United States policy toward Germany were apparently based on attitudes toward ideologies of government—fear of communism and the general distrust of Russia, influence of personal relations with Germans, and so forth, all highly nonscientific criteria.

These facts point to the need for a reëxamination of the question of the responsibility of administrative officials. Before turning to that, however, the terms of reference will be defined.

The term "responsibility", to use the definition in the Oxford English Dictionary, means "answerable, accountable (to another for something); liable to be called to account". Professor Friedrich has well added: "Every discussion of responsibility has to consider, therefore, to whom the government services shall be rendered responsible." [25]

The term "administrative officials" [26] refers to all appointed employees other than those employed in the legislative or judicial branches. The term "administrative official" is here employed to include career and other employees who are subject to Civil Service or comparable regulations, or career employees as distinguished from so-called "policy" officials, whose appoint-

[25] Friedrich, in Com. of Inq. on Pub. Serv. Pers., *op. cit.*, p. 30.

[26] The term "administrative officials" is used in this paper interchangeably with bureaucrats or bureaucracy, in a neutral and technical sense, referring to the "body of officials which executes the policies and effectuates the program of the government." John A. Vieg, "Democracy and Bureaucracy", 4 *Pub. Adm. Rev.* 247 (1944).

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ments include political considerations and usually require the consent of the Senate.

The term "democratic" is here used to denote a system of government where ultimate authority rests with the people as a whole, but where that authority is exercised by representatives of the people elected according to established procedures. Fundamental to the system of democracy is a belief in the dignity of man, and therefore of his right to participate in decisions affecting his welfare, and a belief in the people as the source of ultimate governmental authority. Basic to the theory of democracy is the proposition that decisions should be made, both in the election of representatives and in the conduct of public business, according to the majority principle, and that decisions once reached by a majority become binding on the whole nation. It needs to be recognized that various devices for choosing representatives are available, and that a system of government will, for purposes of this discussion, be considered democratic, even though the method for the election of representatives, in its detailed practical manifestation, is not in harmony with democratic theory.

Viewed from another angle, the essence of the democratic theory is that government is based upon the consent of the governed and that the governed shall have an opportunity to pass judgment upon those who are exercising the powers of government. A corollary to the theory of democracy is the principle that broad policy decisions may be made only by those to whom the people have delegated their (the people's) power to make such decisions, and who are periodically answerable to the people. In the case of the United States, the legislative branch has the primary function of arbitrating and determining broad issues of public policy, though the President, too, has responsibility over policy formulation. The Executive is as much a representative of the people as the legislature, except that, by a division of labor, the authority for the issuance of more permanent, broad enactments is vested in the Congress. This concept of the rôle of the legislature has been interpreted as part of our constitutional law.[27]

[27] Patrick W. Duff and Horace E. Whiteside, "Delegata Potestas Non Potest Delegari: A Maxim of American Constitutional Law", 14 *Cornell Law Rev.* 168 (1929).

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The President, however, as a nationally elected official, who also must submit himself to the electorate for its judgment, may initiate public policy, and pursue policies pending legislative decision. With few exceptions, primarily in the field of foreign affairs, policies initiated by the Executive are subject to legislative review.[28] The fundamental authority for the determination of long-range public policy rests, however, with the legislative branch of the government. Determinations on broad issues of public policy, once approved by a majority of the legislature, become binding on all citizens.

A primary characteristic of modern democratic government is the establishment of procedures for keeping those in power accountable to the governed. The system of elections requires public officials to answer to the people. The fact that the element of direct answerability in the American system applies only to the President, Vice President and Congress is of primary import in an evaluation of the proper rôle (consistent with democratic theory) of administrative officials.

The traditional and, in the writer's opinion, correct answer to the question as to the proper function of administrative officials in contrast to legislative bodies is that there is a distinction between "politics" and "administration"—assuming the concepts are properly interpreted.

The basis of this dichotomy is the conviction that there is a distinction between the responsibility for "the expression of the will of the state and the execution of that will" and the responsibility to assign separate organs "each of which is mainly busied with the discharge of one of these functions".[29] Clearly no rigid line of demarcation in fact exists between policy formulation (legislative) and policy execution (administrative). Administrative officials do and should assist and advise in both executive and legislative policy determination and are often called

[28] David M. Levitan, "Executive Control of Foreign Affairs", 35 *Ill. Law Rev.* (1940) 365, 372.

[29] Goodnow, *Politics and Administration*, p. 22. For an interesting distinction between "executive" and "administrative" functions see W. J. Willoughby, *Principles of Public Administration* (Baltimore, 1927), ch. 3, and *Principles of Legislative Organization* (Washington, 1934), chs. 10-13, cited in White, *Introduction to Study of Public Administration*, pp. 566-67, note 3.

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upon to give directions to and assume the initiative for initial policy formulations.[30]

The focus of the two activities, however, is quite different; for, while the functions of the legislative and administrative branches mesh into one another in day-by-day governmental operations, nevertheless there are special areas of the total functions of government which, in a democracy, can be performed only by the legislative (enacting statutes), and other aspects of government activity which can best be performed by expert administrative technicians (administering executory statutes). Under the constitutional scheme it is essential to recognize the difference in the area of authority and responsibility of the two organs and of their functions—even if no rigid line of demarcation separates them entirely. Such an analysis permits those responsible for policy formation to be advised and assisted by those charged with its execution, and allows problems of administration to be taken into account in the formulation of policy decisions. It also admits of recourse by administrative officials to legislative committees and leaders for advice as to legislative intent and interpretation of legislation; but it does not permit administrative officials to make broad policy decisions on the grounds that they alone have the technical knowledge or that the popular will in a democratic state is only a myth.[31] The dichotomy has need of correction in so far as it creates two imaginary worlds where administrative policy formulations and executions diverge entirely from each other. But the correction does not lie in the direction of creating another imaginary and arbitrary world where they must become an indistinguishable unity.[32] Most certainly the correction does not lie in

[30] Kingsley, *op. cit.*, p. 5; Mosher and Kingsley, *op. cit.*, p. 11.

[31] Friedrich's reference to the "Mythology of the Will of the People", in Com. of Inq. on Pub. Serv. Pers., *op. cit.*, p. 31, and *id.*, in Friedrich and Mason (eds.), *op. cit.*, p. 12. In this paper the terms "popular will" and "public will" are used only to describe quantitatively determinable expressions of opinion, majority decisions—not as mystical concepts. It is not something "brooding in the sky", to adapt Mr. Justice Holmes's happy phrase, or Rousseau's *volunte generale*, Rousseau, *The Social Contract* (Everyman's, 1938), esp. 25-26, 90-92; see also Bk. II, Bk. III, 4, and Bk. VI, 1.

[32] Friedrich, in Friedrich and Mason (eds.), *op. cit.*, p. 6; David M. Levitan, "Political Ends and Administrative Means", 3 *Pub. Adm. Rev.* (1943), pp. 353, 355.

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the obliteration of legislative authority. Thus, emphasis on the ultimate accountability and responsibility of administrative officials to authorized policy determining agents and emphasis also on the positive and dynamic rule of the bureaucracy are not incompatible.

Assuming democratic principles—the dignity of man and government by consent of the governed—the basic function of the legislative branch is to discover and interpret the desires of the people as a guide to legislation and to review governmental administration to secure conformity to that legislation. The function of Congress is to determine the public wants and to elicit its consent to approved policies; or, as Professor Finer has put it, "By the political phase of government we mean all that part which is concerned with eliciting the will and winning the authority of the people."[33]

The eliciting of the people's will requires continuous contact with the people, sympathetic understanding of their wants and values, strengthened by a fear of reprisal for disregard of these wants and values. Broad policies must have their roots in the times and aspirations of the people. It has been well said that it is only "a temporarily successful legislator" who fails to keep his ear to the ground.[34]

If it is accepted in a democracy that the right to decide what the government should or should not do—to determine the course of public policy and action—belongs to the people, then it would appear that only those to whom they have delegated their authority, whom they have chosen to act for them and who are answerable to them, may exercise this function, and these are their elected representatives.

In the twentieth century the attack on democracy revolves, to a great extent, around this principle.[35] The attack takes the form of an exposition of the complexities of modern civilization and the inability of the average citizen to participate in the processes of decision. Stress is laid on the fundamental inabil-

[33] Finer, in 1 *Pub. Adm. Rev.* (1941), p. 343.

[34] Fowler V. Harper, *Some Reflections on Law in a Democratic Society* (Rio Piedras, P. R., 1945), p. 18.

[35] Merriam, *New Democracy*, Part II, esp. B, pp. 208-16; Coker, *Recent Political Thought*, ch. xi.

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ity, first, of the people to exercise adequate judgment in choosing their representatives so as to make the position of the candidates on the major issues of public policy the determining factor in their choice and, second, of the representatives themselves to comprehend and to deal wisely with those issues. The latter follows automatically, since they were not elected on the basis of their demonstrated capacity to deal with issues. It is pointed out that party platforms are ambiguous and that they offer little choice; that the people have little to pick from since the candidates are usually hand-picked in "smoke-filled rooms"; that the people do not vote on the basis of issues, but for names, and more generally only to "vote the rascals out"; and that party control destroys the independence of the legislators who consequently do not really speak for their constituents. These are among the reasons that have been cited to justify broad discretion by the bureaucracy. It is claimed that only the "expert" is equipped to deal with the major issues of public policy; that the responsibility for the "running" of the state should be turned over to those who have the comprehension, training and knowledge for dealing with the complicated questions with which the public official is bedeviled. Some have only forecast this development as the "wave of the future". Others have suggested it as a *fait accompli.*

> The managers in the governmental apparatus and in private enterprise flourished while the capitalists lamented among themselves about "That Man". Congress with occasional petty rebellions, sank lower and lower as sovereignty shifted from the parliament towards the bureaus and agencies. One after another, the executive bureaus took into their hands the attributes and functions of sovereignty; the bureaus became the *de-facto* lawmakers.[36]

Here it is sufficient to point out that in the last analysis the attack on the capacity of the voting citizen and of his chosen representatives to deal intelligently with the problems affecting his welfare involves a denial of the democratic philosophy. To

[36] James Burnham, *The Managerial Revolution* (New York, 1941), p. 265; but see Pendleton Herring, *The Politics of Democracy* (New York, 1940), *passim*, esp. pp. 368-77.

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minimize or eliminate the deficiencies of the democratic state does not involve the creation of an undemocratic state; such an analysis merely substitutes other uncorrectible deficiencies for democratically correctible ones. Pericles' statement—"if few of us are originators, we are all sound judges of policy"—is still a valid answer. Those who object to the participation of the average man in policy decisions also pervert primary with secondary considerations; they substitute the test of "effectiveness" for "freedom". Nor are their conclusions sound even on their own criterion. As Professor Laski has said: "We are so impressed by the plain man's ignorance that we tend to think his views may be put as unimportant. Not a little of the literature upon the art of government today is built upon the supposition that the plain man has no longer any place in social economy."[37]

In the light of the preceding discussion, it is clear that it is not the function of administrative officials to determine policy. But is that the extent to which their function can be defined? Have we established sufficient guideposts by saying that it is the basic function of the career official to prepare the ground for decisions of the legislative bodies and to make those decisions effective? In view of what has been said about the interdependence of politics and administration, it should be clear that this description of the administrative official's function is a flimsy guidepost. It is also said that it is the function of the career service to supply continuity, stability and expertness in administration. This again is correct, but valuable only if it is remembered that these are not ultimate virtues in themselves. They are essential to the realization of ends. The ends of public action in a democracy can be determined, in the first instance, only by the people and, secondarily, by those responsible for interpreting the people's decisions, the Congress.

Aside from theoretical objections the administrative official is by training, experience and the nature of his position unable to perform satisfactorily the function of eliciting the will of the people. Instead, he tends to become insulated from public reaction. He is removed from the local currents of thought, the

[37] Harold Laski, "The Limitations of the Expert", 162 *Harper's* 101-108 (1930-31).

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desires and prejudices of the people; his very expertness has the effect of narrowing his vision; he tends to view everything as a technical issue, often failing to note the value judgments underlying the issues and confusing ends and means; he tends to substitute his preconceived premises for those of the people. Most important, the career official is inclined to lose sight of the true master-servant relationship and to develop an attitude of condescension toward the citizen. At the root of much of this attitude is the fact that his continuance in a position of authority is not dependent on affirmations of approval by the people.[38]

Granted that in a democratic state the function of government is to fulfill the *wants* of the people as they see them and not what experts believe the people *ought* to want, and that the broad policy decisions should be fundamentally the formalizations of those wants, then it is clear that the administrative hierarchy may not perform this function. The people can make their wants definitely known only through their action at the ballot box and it is only for those so chosen to determine the people's wants. Some, though granting the correctness of the assumptions as to the responsibility of the legislature for policy formulation, have argued that the elected representatives either cannot or do not infuse their legislative enactments with sufficient clarity and concreteness to guide the administrative official, and, therefore, that he must act on his own. Though grounds differ, the conclusion is still the same; for it is the administrative official who, in this position, would determine the course of public action. To be sure, it is suggested that he should utilize the available techniques, such as opinion polls and advisory committees, for informing himself of the people's wants and needs where they are not clearly seen in the statute. The fundamental shortcoming of this approach is that, in the last analysis, it is the civil servant who will determine what the public needs—an exercise of authority with which he has never been invested. To shift the authority for policy determination to administrative officials because of a lack of clarity in legislative enactments would often be to compound the vice of poor draftsmanship and to make it the *raison d'être* for supplementary or supersed-

[38] Laski, in 162 *Harper's* 101-108 (1930-31).

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ing draftsmanship of public laws by non-legislative bodies without Congressional approval.

The emphasis on the limitations of career officials does not imply criticism of their conduct or of the governmental activities in which they are employed.[39] The facts are quite to the contrary. Unfortunately there is an all too prevalent belief that it is always "open season" for "pot shots" at the bureaucracy. Many of the attacks, at best, are based on a naïveté as to the nature of our world and a nostalgic yearning for a society long gone and never to return. Other attacks are little more than disguised attacks, often not even too well disguised, on the exercise of any governmental powers. In the last analysis it is not against the manner of exercise of governmental power that they rant, but against the very exercise of public power for the welfare of the community. The efforts to vilify the bureaucrat are but a decoy against positive government and a camouflaged plea—often transparent—for the perpetuation of the status quo and against interference by the organized power of society to curb vested interests.

It need always be remembered that government authority, whether it be price control, apprehension of "run of the mill" criminals, or the enforcement of tariffs and immigration quotas, is meaningless except when personified by an adequate body of competent officials.

This does not mean that many are not sincere in their protests against the extension of public power, or of the manner of its exercise. For the writer, it is neither the extension of government authority nor the growth of the bureaucracy that inspires fear. It is rather uncontrolled and unaccountable power. "The history of liberty", it has been well said, "is a history of a limitation of governmental power itself."[40] Attacks on the administrative officials as power-hungry little dictators avoid the

[39] Vieg, in 4 *Pub. Adm. Rev.* (1944), p. 247. The following volumes belong to the "rambling and raving" class. Lawrence Sullivan, *Bureaucracy Runs Amuck* (Indianapolis, 1944); James M. Beck, *Our Wonderland of Bureaucracy* (New York, 1932); Gordon H. Hewart, *The New Despotism* (London, 1929); Friedrich A. Hayek, *The Road to Serfdom* (Chicago, 1944). But see Herman Finer, *The Road to Reaction* (Boston, 1945).

[40] Vieg, in 4 *Pub. Adm. Rev.* (1944), p. 247.

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main issue. Arguments against the exercise of initiative by administrative officials must take account of the fact that the administration of the modern service state is not a job for automatons. It requires men of vision and ingenuity. It requires the vesting of broad discretion in officials and an ability and courage on their part to use that discretion wisely.

The administrative official is often called upon to prepare policies and programs in areas where there have been no legislative or presidential decisions. Moreover, even where legislation exists it is often impossible to discover clear (majority) legislative intent, even after resorting to intrinsic or extrinsic aids—perhaps because there was none. Legislation often incorporates vague and ambiguous phrases of "political formulas" precisely because it was impossible to reach agreement on more specific language. In such circumstances the administrative official may have no alternative, except to proceed on the basis of what appears to him to be a reasonable interpretation. The objective, therefore, is not to strip government of its power or of its officials, and thereby to undermine the rôle of public government,[41] but to seek ways and means of controlling the use of the power. Here our concern is the appropriate rôle of the "big" bureaucracy. And, by appropriate we mean that rôle which is consistent with democratic theory, recognizing the preëminence of authority of elected officials as voicing best the will of the people and a subordination, albeit proud and vigorous, by administrative personnel to that authority in the execution of its appointed function.

To recognize the need for broad discretion does not mean that one can, consistently with democratic theory, justify the exercise by the administrative official of broad policy authority as a "counter irritant" for legislative shortcomings. To vest administrative officials with authority to determine policy and to do what they think ought to be done—even when subjected to scrutiny by their professional colleagues—is to substitute, at best, government by an "intellectual aristocracy" for democratic

[41] Appleby, *op. cit.*, p. viii and ch. xii; Vieg., in 4 *Pub. Adm. Rev.* 247 (1944); Thomas K. Finletter, *Can Representative Government Do the Job?* (New York, 1945); M. J. Pusey, *Big Government, Can We Control It?* (New York and London, 1945).

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government. That, after all, is the system proposed by Plato—hardly a proponent of democracy. Professor J. M. Clark has correctly summarized the problem of the rôle of the administrative official—the expert in a democracy:

> The logic of events is on the side of the expert; the job of governing a complex and technical economy cannot be done without his services. And to those who claim that this is not democratic, because the people cannot keep their attention constantly focused on all the things that all the different experts are doing or proposing, the answer is neither to get rid of the expert nor to surrender to him unconditionally, but to devote some real effort to devising ways of keeping track of him. The methods of democracy must be adjusted to the job that has to be done, and this job now requires the expert. The people have ultimate power over him if they can use it; but it is not always easy to find out where his policies tend (something which he himself may not fully know) before it is too late to alter the course. This is one of the dangers we run.[42]

The quest for answers to the questions regarding the extent of permissible administrative discretion and techniques for keeping the administrative hierarchy both responsible and responsive to the popular will has greatly disturbed students of democratic government. The search, though fruitful, has failed of ultimate answers, perhaps because the problems do not readily admit of finality of solution. Yet, where the prize is so great, anyone dedicated to strengthening the democratic system can ill afford to ignore the challenge.

The solution to the problem of administrative control certainly does not lie solely or even primarily in an extension of external controls; for example, extending the dismissal authority, expanding the scope of judicial review of administrative acts, broadening the senatorial confirmation authority, increasing the Congressional investigation staff, and so on. Not that external controls should be dispensed with or that they have not proved useful and necessary. Clearly not! Congressional review of expenditures is a constitutional duty which Congress

[42] J. Maurice Clark, "The Relation of Government to the Economy of the Future", 49 *Journal of Pol. Econ.* (1941) 797, 805.

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may not and ought not abdicate. Also, Congressional investigations of the administration of the executive bodies have had marked salutary effects which deserve greater recognition. One need only recall the contribution of the "Truman Committee" to the success of the war effort to appreciate the value of such control techniques. Reliance solely on external controls, however, may prove as empty and illusory as a Maginot line in a mechanized age. The varying nature of the administrative process—the ever-changing demands on the administrative official in the service state—militates against the effective use of neatly defined specific techniques of control. It can be stated dogmatically that the extension of external controls will introduce a rigidity fatal to essential resiliency and flexibility, for they will effect either paralysis in administration or dubious honor by their breach.

The hope of achieving a responsible bureaucracy lies, rather, in developing internal controls, that is, the emergence of an administrative hierarchy conscious of its rôle under a democratic system and dedicated to the enhancement of the system. Internal controls, to be truly effective, must be buttressed by external controls. Foremost, among the latter, should be the appointment of non-career [43] administrative officials to positions of broad authority and responsibility in the executive departments.

Fortunately, the quest for the emergence of a democratically conscious bureaucracy need not be wholly dependent on chance, but can be planned for and accelerated. The character of the bureaucracy—its attitudes and outlook—is to a great extent a variable of its composition, the pre-job training, experience and education of its members, and the on-the-job experience and training in citizenship. More specifically, to make the bureaucracy more responsible—nay, to preserve democratic government in the United States—it is essential that:

1. The base of recruitment for all positions and branches of government, including the regular Armed Services and Foreign

[43] The term "non-career" is used to denote officials not appointed with a view to their permanence in the federal service and often not under the regular Civil Service rules and regulations.

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Service, shall be widened and made truly representative of American society;

2. The academic training for candidates for the professional public service shall be overhauled to include training in social, political and economic ideas, and a sympathetic understanding of American institutions and of the social, political and economic forces at work in society;

3. The civil liberties, privileges and immunities of citizenship shall be guaranteed and made a reality for government employees;

4. The administrative branch of the government shall include non-career *professional* public servants who are identified with and dedicated to the realization of the policies and programs upon which an administration came into power.

The rise of the bureaucracy is an inevitable concomitant of the service state in an industrial society; but the long-range effect of more government by administrative officialdom will depend on the make-up of the bureaucracy. A system where policies are determined by persons other than the elected spokesman reaches its nadir when they reflect primarily the view of a segment of the community, and its zenith—limited though it be —when the policies reflect the desires and aspirations of the community.

Broad policy determination by administrative officials is most offensive to democratic theory, and open to disciplinary action, when running counter to statutory language or established presidential directives, and least offensive when embodying, according to the best available techniques, the apparent will of the people on an emergency matter lacking legislative or presidential directive; therefore, the degree of offensiveness will hinge on the democratic impulses motivating the officials. Without equating "democratic impulses and democratic representation" as a practical matter, the degree of offensiveness of broad policy formulation by administrative officials will depend on the composition—in terms of the skill, class and personality background —of the bureaucracy, being most offensive where the composition least mirrors the heterogeneous structure of the society it

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represents, and least offensive where it reflects most accurately the composition of that society.

The force of the argument for wider representation is that any standard of selection that puts a higher premium on a particular stratum of society, thereby tending to exclude representatives of other strata, will inevitably create an agency more responsive to that stratum than to any other. Nor will it suffice for a democratic state merely to eliminate anti-democratic practices. Positive efforts—consistent with the maintenance of work standards—to enhance the representative character of the bureaucracy are essential. Clearly, democratic impulses, so essential to the evaluation of administrative agencies, will be much more prevalent in a truly representative agency with democratic standards of selection.

It is not necessary to accept completely Professor Kingsley's position, that "bureaucracies are responsible today only to the extent that they are broadly representative",[44] to recognize that an unrepresentative bureaucracy is least likely to be responsible. To repeat, the principal justification for policy determination by administrative officials in a democratic system is completely destroyed when its personnel are not representative of the heterogeneous American community.

The expansion of the activities of the public service state into controversial areas [45] has emphasized the importance of an understanding by administrative officials of the social, political and economic issues of our times. But the current emphasis in training for the public service on techniques and scientific management, to the neglect of a more thorough grounding in the American political system—the history of social, political and economic ideas, and of the basic social, political and economic forces at work in our society—ill prepares its graduates to deal with the issues inevitably to confront them.[46] The situation has serious implications for the future of democratic government in the United States.

[44] Kingsley, *op. cit.*, p. 279.

[45] *Ibid.*, pp. 287-305; Levitan, in 3 *Pub. Adm. Rev.* (1943), p. 354.

[46] Robert A. Walker, "Public Administration: The Universities and the Public Service", 39 *Am. Pol. Sci. Rev.* 926 (1945); Levitan, in 3 *Pub. Adm. Rev.* (1943), p. 354.

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It was natural that the development of the specialized discipline of public administration and scientific management should result, along with its valuable contributions, in narrowing for specialization purposes the focus of study of government. The loss in the initial stage was compensated for by the healthy effect which the enthusiasm for administration had on the study of political science in the United States. It brought into focus the realities of the governmental process and did much to modify the legalistic, descriptive discussions of government. The institutional approach added a freshness to the study of government and did much to expose the sterility of many shibboleths, for example, "a government of laws and not of men".

Unfortunately, however, the realization of the importance of techniques and procedures in the administration of modern government was carried to excess. This emphasis in the training on the *means* of social action—"administrivia"—to the neglect of the *ends* has already had serious effects on the operations of the American government and, unless the tendency is arrested, it is fraught with danger to democratic government.

There are men and women today in administrative positions who are devoid of knowledge and appreciation of the democratic philosophy sustaining our government, of our social, political and economic history, or of the creative and debilitating forces at work in our society.[47] The result is a misunderstanding of the rôle these men and women have to play and an ever-growing irritation with its limitations. Techniques are pressed in the name of efficiency with little regard to their ultimate effect on the nature of our government. It is not sufficiently appreciated that our government must be grounded on a healthy respect and intelligent understanding of the democratic environment. It embraces more than mere success in controlling expenditures or establishing detailed procedures.

The administrative machinery of a democratic government is efficient if it accomplishes, in a democratic manner, the objects of government—the specific objects varying with the desires of the people as interpreted by their elected representatives. It is

[47] Walker, in 39 *Am. Pol. Sci. Rev.* 926 (1945); Levitan, in 3 *Pub. Adm. Rev.* (1943), p. 354.

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simply impossible to be an efficient administrative official without understanding the basic purposes to be served by the specific acts. Efficient budgetary and accounting techniques should be framed not only with an eye to the technical accounting procedures, but with an appreciation of the concept of accountability of executive departments to Congress. Similarly, personnel techniques must have, as their starting points, respect for the employee and candidate as a fellow citizen and an understanding of the central rôle of the dignity-of-man concept in the democratic philosophy.

Administrative means devised without reference to the basic ends to be served will succeed only accidentally.

The result of narrow vocational training in administration has been not only inefficient public service, but also the frustration of many public officials. Close association over more than a half a decade with administrative officials has left a vivid impression of frustration among many serious and hard-working employees—a frustration which has its roots primarily in a lack of understanding of the nature of the American constitutional system.[48]

It takes little imagination to appreciate the ruffled feelings of a budget officer who has worked hard and diligently in gathering detailed operating and work-load statistics in support of his budget requests, and who has made a determined effort to present an honest budget, only to have Congress arrive at some arbitrary appropriation figure based apparently, at best, on a blind guess, and more often on purely political considerations. Similar examples of disregard by policy makers of the most painful and exacting research involving statisticians, economists, personnel officers, etc., are equally available.

Few will defend the flagrant disregard by policy makers of carefully collected data. It would, however, be an error to assume that it is desirable that policy makers should, in all instances, be guided in the determination of public policy by the data of the experts. Even granting a most flagrant disregard of expert advice, it is essential that the administrative official recog-

[48] Walker, in 39 *Am. Pol. Sci. Rev.* 926 (1945); Levitan, in 3 *Pub. Adm. Rev.* (1943), p. 354.

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nize the limited nature of his responsibilities under our constitutional system as compared to that of elected officials, and to recognize policy determination as a proper exercise of the latter's function.

No administrative official, however strongly identified with the democratic philosophy he may be, need be expected to change his view as to the technical correctness of his initial position. But the administrative official who understands and believes in the nature of the democratic system and appreciates that there is soundness to the division of authority between his rôle and that of the elected official will have little reason—as an employee—to get disturbed or frustrated.

In his rôle as a citizen, as distinguished from that of an official, he may well feel downcast at the state of the nation which makes possible the election to office of men of limited vision, who will determine public policy in utter disregard of the judgments of highly trained experts.

It will not be denied that the need for an improvement in our educational system is not limited to that of training for the public service and that the system of training for the public service is closely allied to the shortcomings in the system as a whole. But here is an area where immediate action is very much required and where the reward will surely be worth the effort.

The proposition that the rights and privileges of United States citizenship must be made a reality to government employees is a corollary to the theme that a bureaucracy motivated by democratic impulses is a *sine qua non* to the emergence of a responsible bureaucracy. If administrative officials are to appreciate the high rôle of the citizen and to accord him the dignity becoming free men, they must themselves experience the blessings of free men.[49] Harrassed employees—themselves deprived of the privileges and immunities of citizenship—will be ill prepared to accord to others that which is denied to them. A dual interpretation—one applicable to government employees and another to others—of the due process and other liberty-

[49] David M. Levitan, "The Employee and the Government", 7 *Journal of Politics* (1945), pp. 296-98.

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guaranteeing clauses of the Constitution is repugnant to the philosophy of the Constitution. Nor is there room in America for two classes of citizens—those who work for the government, and those who do not.

It is wrong for government to hide behind the discredited fiction of the freedom of every citizen to choose *not* to work for the government—the old liberty of contract doctrine—as a cover for bad personnel practices. No private employer who flagrantly disregarded the rights of his employees could long withstand the pressure of unions, public opinion, and even the law. The federal government, however, not only perpetuates undemocratic practices, but would even have us rationalize them. What justification can there be for the continuance by the government of "fishing expeditions" into the thinking, beliefs and personal lives of its employees, so long as they do not interfere with the employee's performance of his duties, do not bring discredit upon the government, do not affect adversely his position as a public servant, and are not illegal for the population as a whole? What employer could, with impunity, discharge an employee with prejudice on the basis of gossip and hearsay, and without affording the employee an opportunity to know the specific charges against him, to confront and cross-examine his accuser? What employer could, with impunity, brand an employee a traitor to his country? Yet the federal employee is subjected to all of these and other equally vicious practices. Add to this the "witch-hunts", the repeated alleged "character" investigations, and the limitations on the civil servant's political activities, and is there any wonder that the government employee fails to accord at all times to the lay-citizen the dignity and respect due to free men in a democratic society? Is it not inevitable that the arbitrariness which regulates his existence should project itself in his relations with the public? Can his democratic impulses be strengthened by the undemocratic practices which govern his life? The answer is—clearly not. Yet the trend in recent legislation and administrative practice is to afford the federal employee even less protection and to heap upon him greater abuse.[50]

[50] See McCarran rider to the Department of State Appropriation Act, 1947, Ch. 541, Pub. Law 490 (H.R. 6056 Title 1). See *Cong. Rec.*, June 21, 1946, p. 7421.

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It is not surprising that those who have refused to become second-class citizens or totally "decitizenized" have resigned. The current mass exodus from the government of the men and women who gave color and character to the government of the last decade is truly staggering in its implications. Courageous civil servants will rather resign than submit to the abuse and organized persecution to which they are subjected. A guarantee of their privileges and immunities of citizenship will go far toward attracting and holding competent and courageous civil servants.

Governmental administration is, in fact, the most logical field for the extension of democratic practices in management. The government of a democratic state should serve as a "model employer" in the application and development of democratic techniques in administration. The current practices in the federal government constitute a blot on the conscience of the American people. Unfortunately, too, here is an area where it can be truly said, "a plague on both your houses"—the Congress and the Executive.

The emergence of a democratically motivated bureaucracy is a prerequisite for a responsible bureaucracy. Reliance upon the democratic motivation of administrative officials, about whom the citizen knows little and who are not answerable to the citizen, affords the citizen limited assurance of the officials' responsiveness to his wants. Nor is there much solace for the citizen in reliance on the " fellowship of science "—the influence on the official of his colleague's reactions to his activities, his concern for their approbation.[51]

A citizen in a democracy is entitled to greater assurance that his demands and wants will be respected than the good will of the civil servant. The influence of the "fellowship of science" as a force for responsible administration is lessened by the fact that the preponderance of governmental decisions are based on value judgments, rather than on factual data. The "fellowship of science" can often be a powerful force in shaping the actions of administrative officials involving statistical and scientific data and knowledge. The administrator of the Bureau of Standards, for example, will be influenced in his work by the reaction of his

[51] Friedrich, in Com. of Inq. on Pub. Serv. Pers., *op. cit.*, p. 38.

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fellow physicists and chemists to the manner of his operations and conclusions. He will seek to avoid the ridicule of an Einstein, Fermi or Urey. The accuracy of his conclusions often are subject to laboratory tests. Administrative decisions in most areas of government operations cannot, however, be subjected to definite tests, nor their error established; for the correctness of most decisions can be appraised only in terms of value judgments, and disagreements even with more famous people, having their root in differences in value judgments, are not a reflection on a person's competence.

It is recognized that "expert opinion remains opinion. It can never be deduced from however vast an accumulation of data."[52] Clearly, then, since many administration decisions involve value judgments, the opinion, inarticulate premises, prejudices, and general attitudes of administrative officials are of considerable interest to the public, and the public's views on the issues are of basic import to officials. Neither condition is satisfactorily met where the administrative hierarchy is staffed wholly with career civil servants.

It will contribute to this analysis if we view administrative officials in the following terms.

(1) Career employees—employees recruited under the Civil Service regulations whose chief characteristic is permanence of tenure. These employees expect and are expected to spend their normal working years in the federal service. Their occupational opportunities become limited primarily to government employment, often in one department, and they in fact seldom venture at other employment.

(2) Political appointees—employees appointed because of their party affiliations. These fall into two classes: those appointed to offices recognized by law as political offices, and most often with the advice and consent of the Senate, or as part of the President's immediate family; and those appointed to positions through the federal hierarchy, which have by one device or another been ex-

[52] Hart, in Haines and Dimock (eds.), *op. cit.*, p. 47.

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empted from the jurisdiction of the Civil Service regulations. (This is not intended to include organizations like the T.V.A. which have an independent merit system, but refers primarily to the many positions, for example, in the Department of Justice which are not under Civil Service.) In the case of this group of officials, emphasis is usually on party identification and party interests (campaign contributions, etc.).

(3) Professional employees who combine the characteristics of the two former groups. They are often appointed under Civil Service regulations, or their qualifications would usually conform to and qualify them for appointment under Civil Service rules, and are politically identified—primarily in the sense of policy—with the party in power. The distinguishing feature about these employees is that they do not expect, nor are they expected, to make the federal service their life's work; yet they are not appointed because of their party connections, but because of their *professional* qualifications and *announced clear-cut identification with the policies of the administration in power.*

The position of this writer is that more positions in the higher brackets of the federal service should be filled with appointments of the type described in (3).

The adoption of the recommendation for the employment of "non-career" professional persons to supervisory positions in the federal government will not involve a violent departure from current practice. It is important that the practice should not be viewed as an aberration, but should in fact be accelerated. Much of President Roosevelt's success in putting across a highly controversial and bitterly attacked program was due to his ability to mobilize men like Benjamin Cohen, David Lilienthal, Harold Smith, James Landis, Fowler Harper, William Douglas, Charles Merriam, Lloyd Garrison, Walter Millis and Wayne Coy. These men—and they are representative of a large and distinguished group—have no peers in either their respective fields of expertness, integrity or devotion to principles. In a word,

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while the tenacity of their identification with the New Deal program was a matter of open record, their professional standing was beyond question. There is need for more such men in the government. Nor should the appointment of non-careerists be limited to so exclusive a group occupying such exalted positions.

There has also grown up within the bureaucracy a lesser group of professional officials who have identified themselves with a philosophy of government, rather than with a specific position or department. These persons, many of whom are now regular civil servants, have maintained about them a spirit of independence and mobility, and move with the shifts in the intellectual and political climate from one bureau or department to another. This group of officials, though prepared to spend their working years in the public service, will not do so at the expense of sacrificing their principles. They view continued identification with programs, which are based on contrary policies, as a sacrifice of principles. Because officials of this group have shown themselves willing to stand up and be counted, they should be sought out and drawn more often for key positions, commensurate with their ability. That these officials would probably be *persona non grata* to an administration with a different philosophy, and their services would therefore be lost to the government, is true. But they would hardly be likely to remain with such an administration in any event.

The inclusion of non-careerists is not devoid of dangers. Care in recruitment and selection assumes ever greater significance. Poorly selected non-career employees may result in open sabotage of policies or mediocrity in administration. Their very independence and boldness may lead to an attempt to impose their will in place of that of their superiors, including that of the President and the Congress.

There is the danger that non-careerists, because they are chosen with an eye to their "closeness" to the body politic, will set themselves up as oracles or privileged interpreters of the public will even above that of elected officials. They may view themselves as having not only a license but also a mandate to nullify determinations of superior officials which they deem contrary to the public will. They would, in fact, nullify clear-

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ly evidenced majority decisions—the election of officials—and substitute their "feel" of majority policy. Suffice it to emphasize that personal interpretations of the majority will in disregard of superiors' orders would ultimately lead to chaos in administration. Responsible administration bars clothing any official or group of officials with a veto prerogative against their superiors.

Authority commensurate with responsibility is a basic principle of administration, and it already has been shown that the ultimate responsibility for administration lies with the President, and for policy determination with the Congress and the President. At best, such a mode of administration would constitute an attempt to arrive at democratic decisions in disregard of democratic practices.

Emphasis on obedience to decisions of superiors and, in fact, on sympathetic and zealous execution of determined policies does not, however, require their blind acceptance. The public servant must, like all citizens, reserve the right to protest against policies he considers detrimental to the public interest, even to the extent of resigning and taking the stump against them. The imposition of a "gag" rule on the right of a resigned official to criticize the administration can be justified—if at all—only under war conditions and involving matters of national security. The "gag" rule should be enforced with rare discretion. There is too great a tendency among thin-skinned administrators and professional "witch-hunters" to seek to avoid public criticism by hiding behind the cloak of secrecy—a much overworked term in a democracy.

The decision to appoint non-careerists should be made boldly and unblushingly. If conscientiously carried out, it needs no apology. If abused and then hypocritically justified by resort to democratic rationalizing, it is for the electorate to demonstrate its disgust. A positively announced policy to supplement careerists with non-careerists, and to limit the range of positions normally to be staffed with regular civil servants, will go far toward breaking down much of the clannishness that permeates the bureaucracy. It is apparently as a sporting gesture that the "Foreign Service officers do not argue that all chiefs of mission

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should be career men."[53] It is the writer's position that appointment as an ambassador or minister should never be within the normal expectation of the Foreign Service officer. Though the door should not be arbitrarily and irrevocably closed to him, such positions should definitely be outside the regular line of promotion. There is too much of a sense of victory among careerists every time a fellow careerist is promoted to a policy position. On the other hand, there is an apparent sense of surprise, resentment and defeat among the "regulars" when a non-careerist is promoted to an important post. The latter was especially noticeable during the war in the case of promotions of so-called "outsiders" to the general officer rank. One often has a feeling of the existence of a "tug of war" between the career service and the rest of the population for honors as to which group can place more men on the team. Such an attitude can best be broken down by a frontal attack—by an announced policy of including non-careerists among the supervisory personnel.

The inclusion of non-career administrative officials will contribute to making the bureaucracy more responsible, for such "politically conscious" officials will be more concerned about the public reaction to their policies and programs and the manner of their execution because of the effect of such policies and programs on the success of the administration at the polls. Such officials will exercise careful watch on the activities of their subordinates in order to make sure that those activities are in harmony with the will of the people—the demands of the majority or what they believe to be the demands of the majority. Such officials cannot afford to be wrong often and yet stay in office. Nor is it important from this point of view that these officials themselves do not stand for election. Their devotion to the policies and programs of the administration and their identification with the administration in power operate as a sufficient check on them. This check is lost where the top officials are chosen from the career service.

The intent of the recommendation for the inclusion in the administrative hierarchy of non-career officials should not be

[53] "The Foreign Service", *Fortune*, July 1946, pp. 81, 86.

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equated with a plea for the return of the "spoils system", though it is well to note that, with all its shortcomings and vices, the "spoils system" had a real democratic justification. It is a quest not for the appointment of "party hacks" but for the appointment of men and women whose contacts and experience have not been limited to the public service—men and women who have participated in the controversies of the day and have been willing to be counted.

It is recognized that the introduction of the system recommended here has serious implications for the success of the career service, and runs counter to the recommendations to "extend the merit system upward, outward and downward to cover all non-policy-determining posts."[54] It is readily admitted that the removal of top positions from the normal chain of promotions for career public servants will make the service less attractive to some and may result in a lowering of the caliber and high quality of the candidates for the public service. That is a sacrifice which we must make, and the effects should not be too serious. The attractiveness of the public service can be enhanced by other devices, and in the last analysis it is not recommended that career civil servants should be barred from the higher positions, only that those positions should not be within the normal automatic chain of promotions and that special emphasis should be placed on political sensitivity and known devotion to policies and programs in the evaluation of qualifications for appointment for those positions.

The orthodox discussions of the rôle of the public service, including the recommendations for the extension of the Civil Service, rely heavily for their rationale on the doctrine of the neutrality of the public service. The concept of "neutrality",

[54] President's Com. on Adm. Mgt., *Report*, p. 52. The writer's chief difficulty is accepting the notion that there are high administrative positions that are "non-policy-determining". Under the existing system, the "top" officials are so much dependent on the career officials for information as a basis for policy formulation that it can almost be said that *they* determine the policies. "Their recommendations [Foreign Service officers] can be overruled by the Secretary, the President, or Congress, but day in and day out, especially the multitude of small decisions that can eventually lead to major stands on major issues, these fifty-eight Foreign Service officers are manufacturing U. S. foreign policy." *Fortune*, July 1946, p. 82. This is not an indictment, only a realistic approach.

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however, is an unrealistic one. It is too often assumed that governmental decisions, especially at the civil service level, are of a technical nature involving primarily "scientific knowledge".

Reverting to the discussion of the formulation and administration of United States policy toward Germany, it will hardly be contended that those issues could have been determined purely on the basis of factual data or that decisions on apparently such precise questions as social security tax rates or the import tariffs can be made purely on the bases of statistical data—naturalistic analyses. Even such decisions are based on "political" considerations and, in the last analysis, involve value judgments—normative analyses. The question of the American policy toward Germany involved judgments toward Russia, communism and fascism, collective security, etc.; and data regarding the German rôle in two World Wars will not prove convincing, for example, to one who prefers a buffer state against Russia and who views the spread of communism as the major menace. Therefore, the inarticulate premises of public servants are of utmost importance to the public.

One need not attribute hidden designs to officials to deny their neutrality. One need only assume that public officials, like other citizens, form judgments on public issues and that they do not approach their work as automatons. Professor Kingsley has correctly stated: "Able men—and the Government commands such men—will be impartial only in respect to trifles; they will not remain indifferent when confronted with matters of real importance. The view of the Civil Servant as a disinterested assembler of facts will not stand examination."[55] Hence, if decisions are made on the basis of political views, then the inclusion of non-career officials would not introduce a new note in the operation of the federal government, but would bring in the open the grounds for decisions and make it possible for the people to vote their approval or disapproval of the policies.

[55] Kingsley, *op. cit.*, p. 274; David M. Levitan, "Neutrality of the Public Service", 2 *Pub. Adm. Rev.* 317 (1942); Don K. Price, "The Parliamentary and Presidential Systems", 3 *Pub. Adm. Rev.* 317 (1943), and "A Response to Mr. Laski", 4 *Pub. Adm. Rev.* (1944), p. 361. But see Harold Laski, "The Parliamentary and Presidential Systems", 4 *Pub. Adm. Rev.* 347 (1944); Herring, *Politics of Democracy*, pp. 278-90.

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This discussion has assumed that:

1. Continuation and effectuation of democracy in the United States are the goals of the American people, regardless of any apparent cost in efficiency;
2. Democracy involves respect for the fundamental dignity of all persons, attributes a capacity to all citizens to act intelligently on matters affecting them, and acknowledges their right to make their desires and wants the primary criteria of public action;
3. Elected officials or officers are in the best position to interpret the people's wants, and such determinations, when approved by a majority, are binding on all citizens and determine the course of public policy;
4. Effective means for ensuring that public officials abide by policy determinations made by the people's representatives are an essential part of the democratic system. Means for realizing the responsibility of administrative officials are fundamental to the perpetuation of democracy.

With these assumptions as a starting point, this essay has outlined some of their implications with respect to administrative responsibility and has suggested ways for the implementation of such responsibility. The recommendations were for broadening of the base of recruitment for government employment, changing the academic training of candidates for the public service to include greater emphasis on the sociophilosophic, making the privileges and immunities of citizenship a reality for government employees, and including non-career employees, especially in higher supervisory positions.

The discussion has assumed the continuance of existing external controls, for example, judicial review of administrative action and Congressional supervision of administration through its control of the purse strings and special investigations.

Though the limitations of reliance on the "fellowship of science" as an instrument for keeping the bureaucracy responsible were emphasized, its influence in some areas was recognized. The potential effectiveness of the "fellowship of science" as a force for democratic administration will greatly depend upon the progress for a democratized Civil Service, and the extent of agreement in our society upon basic value judgments. The in-

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fluence of professional standards and codes of conduct of employee associations on the behavior of employees has been the subject of specialized discussions.[56]

Finally, though the significance of the President's rôle in the determination of national policies was recognized, the matter of his responsibility as the Administrative Chief for keeping it responsible was omitted for special treatment.[57]

An examination of the question of the responsibility of administrative officials has convinced the writer of the even greater urgency of the issue to the maintenance of democratic government and of the tenuousness of our solutions. There is no panacea. We are forced to the conclusion that in the last analysis much of our success in the quest for a responsible bureaucracy will depend upon our ability to foster among the citizenry as a whole, and therefore among the bureaucracy, a respect and devotion to representative institutions. That in turn will depend upon the ability of democratic government to satisfy the basic desire of the overwhelming majority of our people to live decently, peacefully, without painful tensions and debilitating struggles, and to eliminate the conditions that make for these tensions and struggles.

DAVID M. LEVITAN

NEW YORK CITY

[56] Dimock, in Haines and Dimock (eds.), *op. cit.*, pp. 308-14; Edgar L. Heermance, *Codes of Ethics* (Burlington, Vt., 1924); A. M. Carr-Saunders and P. A. Wilson, *The Professions* (Oxford, 1933), pp. 239-50; White, *Introduction to the Study of Public Administration*, ch. 27.

[57] Hart, in Haines and Dimock (eds.), *op. cit.*, ch. 2.

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REVIEWS

The Great Globe Itself: A Preface to World Affairs. By WILLIAM C. BULLITT. New York, Charles Scribner's Sons, 1946.—ix, 310 pp. $2.75.

Ambassador Bullitt minces no words. At the beginning of his book he states his case: "There is but one nation that we do fear may some day use the atomic bomb against us. We fear the Soviet Union." The rest of his book is devoted to argument in support of his fear and a proposal that the rest of the world organize itself for protection against the Soviet Union. The book is provocative and will stir readers to sharp criticism or lusty praise. It is something of a popular call to arms.

The argument in support of Mr. Bullitt's declaration of fear is set forth in a brief review of Russian history, followed by a still briefer selection of quotations from which conclusions as to Soviet political philosophy are deduced. He characterizes the Russians as a suspicious people. He finds that their tradition of government springs from the Mongols, and that their Church has instilled in them a messianic ideal that they were an instrument that God had chosen to save the world. Into this historical setting he places Marxism with its hope of world communism. He finds that Marxist philosophy compels Soviet leaders to seek the conquest of the earth, while Russian historical characteristics fit the leaders for the task. He finds that no nation lies outside the scope of the ambitions of the Soviet government, even though no vital interest of the Soviet Union requires the control of Europe, the Near East or any other non-Soviet area. He rests his case for fear on Marxist political theory, as utilized by a Soviet leadership which knows no limitation on ruthless efforts to maintain dominance.

Having disclosed the reason for his fear, Mr. Bullitt approaches the task of finding a plan to combat the danger. He anticipates that the U.S.S.R. will not risk the extension of its power by force of arms, if a new world war would be instigated thereby. He rejects "with absolute finality" the idea that we should attack the Soviet Union. On the other hand, he believes that we should stand ready to use the atomic bomb against the Soviet Union if it continues its career of aggression. His interpretation of aggression seems to require a verdict of aggression not only if Soviet troops attack Turkey or some other

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border country, but if they remain in eastern Europe beyond the 1939 frontiers of the U.S.S.R. He believes that if we rattle the atomic bomb, the U.S.S.R. will listen to the threat and make use of the bomb unnecessary.

To make the program of stopping the U.S.S.R. conform to current popular patterns, Mr. Bullitt calls for a Defense League of Democratic States "designed to endure until the Soviet Union shall have evolved into a democracy, and shall have abandoned its aim to conquer the world for Communist dictatorship." He believes it possible to form such a league within the framework of the United Nations. It is proposed as a league of all the world except the Soviet Union, including even a democratic Japan, if such can be established.

Mr. Bullitt looks farther than stopping Stalin. He remarks: "To stop Stalin is not enough. Those who would find world peace must seek an indispensable minimum of international morality." He urges nations to seek peace with the formula of Christ in mind: "Seek ye first the kingdom of God and his righteousness, and all these things shall be added unto you."

Three appendices are added in support of the thesis: one to list Soviet violations of international agreements as compared with German violations; one to show how the New York *Daily Worker* follows the Moscow line; and a third to exhibit excerpts from Stalin's *Problems of Leninism*.

Readers who hope for coöperation on a world-wide basis through the United Nations will find no comfort in this book. Although Mr. Bullitt seems to feel it possible to preserve the United Nations while organizing a Defense League within its framework directed against one of its strongest and proudest members, few others will be able to imagine holding the present United Nations together under such circumstances. Mr. Bullitt's plan must presuppose two worlds and no unity of powers within a single organization. Even if Mr. Bullitt's plan were adopted, it seems unlikely that it would result in a situation in which the U.S.S.R. would be on one side and all the rest of the world on the other. The division would probably tend to become more equal with the passage of years, and such near equality would not be conducive to peace.

Is there a flaw in Mr. Bullitt's reasoning which seems to require the introduction of such a discouraging plan? He relies largely on Marxist political theory as a basis for his fear of the Soviet Union. One questions whether he is correct in his interpretation of this theory in a manner which makes it resemble the fury of Islamic theology, which led to holy wars.

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All students of Marxism are not going to agree with Mr. Bullitt's interpretation. There will be agreement that Marxism anticipates world communism—but how is it to be achieved? Marxist statements, when placed in the framework of the whole body of writing on the subject, do not counsel marching a messianic army over the face of the globe. On the contrary, the goal is to be achieved through progressive economic changes spread over long periods of time. Doubters should examine the program of the Comintern, as it existed up to the time of its dissolution, to find the pattern. Troops, if any, would appear only after economic and political changes had made a *coup de grâce* appropriate, and relatively easy of execution. What is happening in the border areas of the U.S.S.R. seems to be, not the application of Marxist theory, but the creation of zones suitable for defense in depth in a world of power politics. Introduction of Soviet political and economic institutions in these areas seems rather to assure their retention than the reason for which they were occupied.

Those who study Marxism in detail are likely to point out that it relies for its victories on discontent, caused by oppression, segregation, exploitation or mere neglect. In such fertile areas, people will embrace any hopeful proffered solution since they have little or nothing to lose. If the non-Soviet world were to correct such conditions where they exist and exhibit economic abundance and political liberty in their place, it seems that Marxist thought could not become dominant. On the other hand, if the conditions continue, and recurring depressions occur, the Red Army will not have to land on the beaches of England or Rhode Island.

There is reason to believe that Soviet leaders think along these lines, and that if it were possible to examine their inner thoughts, one would discover only a few adventurers, of which there are some in any country, thinking in terms of conquest by the sword rather than by ideas. Defense against the latter is not so easily planned as against the former, for the pattern of bettering economic and political conditions is not as clearly cut as the pattern of military science. Nevertheless, there are going to be many readers who will believe the harder course offers more hope for lasting peace than does Mr. Bullitt's, and there will be many who will think it more appropriate to current conditions.

JOHN N. HAZARD

COLUMBIA UNIVERSITY

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The United States Moves Across the Pacific: The A. B. C.'s of the American Problems in the Western Pacific and the Far East. By KENNETH SCOTT LATOURETTE. New York and London, Harper and Brothers, 1946.—xi, 174 pp. $2.00.

This book by a leading authority illustrates the dilemma in American thinking about Far Eastern policy. Professor Latourette emphasizes that our influence and responsibilities in eastern Asia have increased and will continue to increase rather than diminish in the years immediately ahead. But on the one hand he warns against efforts at imperial control and reiterates cogently that China and Japan must be allowed to work out their own internal problems, which we cannot solve for them; and yet at the same time he assumes that extensive American support must go to the established régimes in those countries to aid in post-war relief, rehabilitation and readjustments. Both these propositions are in the American policy tradition, and yet, juxtaposed, they may constitute the most direct and extensive intervention in internal affairs. By putting two good things together we sometimes produce evil. Nonintervention and laissez faire regarding the internal politics of China and Japan are in our proper democratic tradition. Financial, technical and material aid in meeting the appalling human problems of Asia is similarly an expression of our best humanitarian tradition. The present result, however, is that we consciously or unconsciously lend moral and material support, with few strings attached, to the powers that be in China and Japan. The result is too often in effect a vicious intervention, as when we back Kuomintang reaction in China.

Our difficulty lies in the fact that the nations of eastern Asia are more ripe for change than we realize. Their backwardness, in literacy, in technology, in productive power (except for Japan), in truly democratic processes, is recognizable and understandable. We make allowances for this backwardness, which flows from the fact that Asia has only begun to catch up with our industrialization and material progress, and we gladly lend help to speed this process. But here our thinking stops, and we somehow fail to realize the political implication of Asiatic backwardness, which is revolution. Only by rapid change and development in their political and social institutions can the peoples of the Far East keep up with the industrialization and technological change which are already engulfing them. Unless we can foster appropriate political and social changes, to keep pace with material and scientific change, our efforts to help Asia industrialize and raise her standards of living will only promote disaster and widen the gap be-

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tween the traditional institutions of Asiatic society and the modern conditions of industrial civilization. China, for example, can benefit from air transportation, which should be developed in Chinese hands; yet in selling surplus transport planes or gasoline to the Chinese government we must bear in mind that in present circumstances they will strengthen the efforts of the Kuomintang-landlord interest to suppress the peasant-agrarian revolution which is now led by the Chinese Communists.

By giving "aid" to the established régimes but avoiding "intervention" we are placed in the position of supporting those in power and therefore opposing social change. It is indicative of our national confusion on this problem that Professor Latourette, who is one of the scholars best qualified to speak about it, in discussing our future policy toward Japan argues that we must give Japan economic security through access to raw materials and markets abroad, and indeed go further and extend financial aid for the rebuilding of Japanese industry; and yet in his discussion he omits reference to the Zaibatsu! This implies no change in the top-heavy structure of Japanese industrial control, which so many writers have seen as one major factor causing Japanese expansion in the past.

Aside from this lack of focus on the chief underlying issue, this book provides for the layman a very handy summary of the steps by which the United States has come to take an increasingly active part in the Far Eastern scene. Professor Latourette believes that this "Far Eastward drive of the United States" has been closely associated with our westward-moving frontier, and illustrates this thesis by a number of striking historical references, such as the interconnection of the China trade with our maritime expansion to the west coast. Our gradually increasing concern for the open door and for the integrity of China is traced through the decades. The lure which has drawn us across the Pacific is analyzed as partly economic (the dream of trade, still a dream), partly the missionary movement, to which Professor Latourette gives deserved prominence, and partly the weakness of China, which for the past century has been a political and economic vacuum inviting outside intervention. He prophesies that it will be fifty years, more or less, before China attains stability through the remaking of all aspects of her ancient civilization; hence the problem of the protection of China against aggression will draw the United States further into the Far Eastern scene in the decades immediately ahead. He doubts if communist collectivism in the Russian form will permanently endure in Chinese society. The Chinese " would not long tolerate any such minutely dictatorial regime as that of the Czars or

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the Soviets." "Chinese nationalism will resent any attempt at dictation or patronage by the United States." (Presumably this would also apply to Russia.)

In surveying the Japanese tradition, the author suggests that both great Japanese revolutions (the ancient borrowing from China and the Meiji modernization) preserved in each case so much of the old order because they were engineered from the top down. He concludes that attempts to destroy the imperial institution or wipe out Shinto today would be doomed to failure.

Among the Western Powers he foresees Britain's continued retreat from the Far East and feels that Russia, although her "eastward trend has been of even longer duration than the westward drive of the United States . . . faces more pronouncedly westward than does the United States eastward." Moreover, Russia has at least twice "voluntarily stepped backward from her advanced frontiers", in selling Alaska and the Chinese Eastern Railway; Russian land strength is farther from the scene than our naval strength (this overlooks the industrialization of Soviet Siberia, of which we are all too ignorant), and in general conflict with Russia seems unlikely. This is greatly to be hoped but it should not be forgotten that every time we support the status quo in Asia we invite Russia to become the champion of change.

Harvard University J. K. Fairbank

The Future in Perspective. By Sigmund Neumann. New York, G. P. Putnam's Sons, 1946.—x, 406 pp. $3.50.

Essentially an interpretation of the last thirty years rather than a narrative, this is one of the wisest books that have appeared concerning the immediate backgrounds of our world today. It is well written, and is charmingly illustrated with drawings of leading figures by Derso. Though it is not "scholarly" in form, it is obviously based upon close acquaintance with the sources and keenly perceptive observation. Thus it is that rare combination of scholarly study and readable synthesis that many strive for and few attain.

In approaching his subject, Neumann regards the years since 1914 as another Thirty Years' War which has been accompanied at the same time by a revolution that is still going on. Likening World War I and the Versailles peace to a prologue, he interprets what followed as five acts of a Greek drama of approximately equal length: 1919-24, 1924-29, 1929-34, 1934-39, and 1939-45. Sometimes he seems partly to lose sight of the basic issues which give coherence to these acts in his able analyses of events and his trenchant characterizations of the lead-

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ing actors. Fundamentally his thesis is that these issues grew out of the struggle to readjust nineteenth-century individualism to twentieth-century mechanization. In his own words (p. 22): "What is needed is a social individual who can find a new adjustment between individual freedom and planned society."

There is nothing new either in the recognition of this problem or in the broad outlines of the drama, but Neumann's contribution lies in his ability to draw fresh conclusions, to rephrase old ones vividly and convincingly, and to inform both with meaning for the present time. The best example of these qualities is his discussion of National Socialism (pp. 210-49). This comes close to constituting the core of his book. He rightly points out that National Socialism is a world disease not confined to any one nation or any one period, and that to think of it as exclusively German is a grave error likely to have disastrous consequences. While the great depression supplied a breeding place for it in the 'thirties, the disease was found "within three major social groups: the frustrated middle class, the rootless unemployed, and, above all, the irregulars, remnants of the last war's aftermath." The middle class had been reduced to a "salariat" largely as a result of the "concentrations and bureaucratization of highly developed capitalism", and, remaining unorganized, it had found itself in danger of being crushed between organized capital and organized labor. Thus was created a "crisis stratum" to which National Socialism appealed through its promise of world conquest by the master race. "The frustrated little man", Neumann warns, "is a most perilous phenomenon in politics." The unemployed were the "political driftwood" of the revolution, but the "irregulars"—men who failed to adjust themselves to peacetime living after World War I—were the leaders. In this category were Hitler himself and nearly all his aides, most of whom were born after 1890 and were thus too young to have well matured by 1914. The implications of Neumann's analysis, too sketchily summarized above to do it justice, are clear for our time when we must try to avoid the mistakes of the past and find our way through the pitfalls left by a second world war.

In his epilogue, Neumann is more optimistic concerning future peace and security than recent events might warrant. On the whole this is the weakest part of the book when of necessity conjecture and hope replace certainty and conviction. He believes, for example, that "the development in Russia and the West—approaching each other from the two focal points of social and political democracy—may well bring about a sincere concord not only on international aims but also on national tenets" (p. 379). Looking at the individual in the

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modern world, he admits that as a result of mechanization he appears to be a "meaningless and powerless marionette of superhuman forces", but he suggests that human values can be restored only by putting responsibility "on the individual conscience", and in this context finds that the Nuremberg trials have been a step in the right direction. At the same time the A-bomb, though it may threaten man's very existence, has made it urgently necessary that everybody—natural and social scientists and humanists—coöperate to rescue man from the machine. He argues that neither a retreat to the ivory tower nor reliance upon bureaucracy (the totalitarian way) offers a solution, but suggests, in contrast to Koestler, that the "de-yogified" thinker and the "de-commissarized" bureaucrat must be brought together "as responsible doers, as social men, as practical idealists" (p. 383). In all fairness to Neumann, how to accomplish this desirable end would require another book.

As for the day-to-day issues that seem too often to become unresolved conflicts, Neumann finds consolation in many evidences of an improvement in thinking and approach since 1919, and indicates that World War II was but an episode in a longer period of transformation that must ultimately lead to a "people's peace".

CLARK UNIVERSITY DWIGHT E. LEE

Values for Survival: Essays, Addresses, and Letters on Politics and Education. By LEWIS MUMFORD. New York, Harcourt, Brace and Company, 1946.—ix, 314 pp. $3.00.

Mr. Mumford's latest book is a collection of essays, open letters, and speeches written or delivered during the last few years. The topics are various, but there is one underlying theme which may be stated very simply: life is ethical; material means must be subordinate to spiritual ends; man must be an integrated personality, with emotion and intellect harmonized, and must function in a community that is a living and organic whole in which he participates. To achieve this condition of man we must get over the idea that mechanical ties, a brilliant technology, and rapid world-wide communication automatically lead to peace and human fulfillment. The external and mechanical must be directed by the organic and spiritual. In the past we have persisted in the belief that they will, in themselves, produce a genuinely richer and better world. Rather, exclusive devotion to them means the ruthless sacrifice of the person, and, in the age of the atom bomb, will mean the destruction of human civilization, if not of the habitable globe.

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We cannot create genuine fulfillment for human beings by following the path of a somewhat arid intellectualism to which traditional liberalism has brought us. The Fascists and Nazis have been right in their criticism, and in their stress on the significance of emotion; wrong in equating that with the merely brutal and particular as against the ethical and universal. Men must recover the sense of duty, the sense of sacrifice, and the sense of humility. They must become responsible, must throw over a facile perfectionism, and must abandon the idea of force which is so easily born from the concept of a timeless ideal to be achieved by imposing a blueprint. Life is something to be lived morally, and only in the organic living of it can human good be achieved.

As for the defeated Germans, there is for them no salvation save through understanding of their common sharing in brutality and power, and of the eagerness to submit thereto on the part of almost all. Following that understanding of German sin must come repentance, with a refusal to seek scapegoats, and with an avoidance of whining; a recognition of guilt; a realization that others have suffered deeply from German sins; and a desire to create a new society from within, and to do what is possible to aid those whom they have harmed and to make sacrifices for them. Only so may Germany, which after the last war was signally well treated, genuinely cleanse itself and become a worthy member of the world community. The German had best develop a sense of regional community as against the national state, and from that become a world citizen. This prescription is equally fitting for man elsewhere, for the modern state is an external materialistic power organization whose basic emphasis is at once against the living community in which man must fulfill himself and the world order where alone he finds safety.

Since moral responsibility and personal development necessitate participation continually in an organic life, it is necessary to develop a genuine and thoroughgoing democracy, functioning continually and everywhere, and reverting to the Greek idea of participation in, and responsibility for, all social life. The democracy of party politics and election campaigns is not enough.

With Mr. Mumford's essential observations, with his recognition that we cannot rely on mechanical ties to deliver us, with his stress on the need for ethical insight and for development of a more conscientious citizenship, one may readily agree. The worship of material means, the stress on external power and reliance on administration from without, the neglect of the emotional life, and the dichotomy between intellect and feeling, with the loss of the whole man, all these are

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undoubted evils to be overcome. Nor need one doubt that his specific indictment of the sins of Germany, which he properly sees as exaggerations of more universal sins, is to a considerable degree correct. One may, however, while believing that a change in the ethos of German life is vital to its salvation and the safety of our world, nevertheless wonder whether preaching from without will do any good; especially when we recognize that, with all its perversions, Hitlerism did involve a misguided attempt to overcome some genuine ills. One may perceive that the rest of the world, whatever its generosities in some directions, failed essentially to create a satisfying European or world order, where Germany could develop along the lines Mr. Mumford suggests. And one may raise the question whether the present administration of Germany is calculated to aid and encourage the forces necessary for its regeneration.

We may agree once more with Mr. Mumford that where possible, and to the degree possible, it is desirable always and everywhere to create a rich community life, though one may here suggest that full, free and independent participation is not always possible without a great deal of encouragment and aid by leaders, and without a good deal of education. Granting that participation is itself education, and that to have things done for one is not to be a member of a community, it is fully clear that in some parts of the world what ordinary and impoverished man may do for himself and others by participation is limited; and that nothing will be done unless he is encouraged and given some organization and direction. Democracy is a desirable thing, especially when it is Mr. Mumford's democracy, and undoubtedly the citizens of advanced Western countries, if they wish to achieve their actual capacities and to make their professions real, must learn to use their leisure as participating members of communities approximating the ideal of the Greek city-state. Yet in many parts of the world to put on men this full burden is to bring them only to defeat, disappointment and resentment. The old adage that self-government is better than good government is a part truth. We need to reformulate it: participation within the limits of powers, abilities and understanding is better than being told what to do and is the road to being able to participate more fully; it is the responsibility of leadership in less developed countries to secure the conditions allowing that participation; it is the responsibility of the more advanced countries to encourage and give aid to them. But if the world can be saved from destruction only by full democratic participation everywhere, immediately, then our prospects are grim indeed.

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Finally, while the nation-state has undoubtedly stood in the way of world order and has often suppressed and destroyed community and regional life, as well as encouraged a false pride and assertiveness of its citizens by identification with it, and at times contempt for or neglect of a smaller but potentially richer regional life, it may very seriously be questioned whether for Germany, or for any other larger nation, the answer can be the elimination of the state. It would seem rather to be federalism within and without; an intensification of regional interests and the development outward from the national loyalty to a genuine world citizenship. This admittedly is hard to achieve, and the present development of the United Nations does not seem to be too promising of its achievement; but it is somewhat less difficult and far more promising than the alternative.

Yet, these criticisms made, it still remains true that Mr. Mumford has courageously analyzed the evils in the life of modern man and has suggested the essential spiritual and organic foundations for his rescue. Often, too, he has stated the problem before it was generally perceived. In particular, in the tradition of the great moralists, he warns continuously and wisely against looking for salvation from without, by means of mere tools and artifacts.

THOMAS I. COOK
UNIVERSITY OF WASHINGTON

Assize of Arms: The Disarmament of Germany and Her Rearmament (1919-1939). By BRIG.-GENERAL J. H. MORGAN. With a Preface by Lieut.-General Sir G. M. W. Macdonogh. New York, Oxford University Press, 1946.—xxi, 357 pp. $3.50.

General Morgan has a now familiar story to tell. The German High Command regarded the Armistice of 1918 and the Treaty of Versailles as a temporary setback and was determined to try again to conquer Europe. The Allies abetted this plan by their failure to enforce the peace treaty, and after the Pact of Locarno by withdrawing the Control Commission from Berlin. Allied statesmen verbally reassured themselves that of course Germany was fulfilling her obligations under the Treaty.

But there was no industrial disarmament. The Control Commission "decided to spare every factory and workshop which could establish . . . the fact of its reconversion. The result was that Germany was left with every lathe that ever turned a shell" (p. 40). The privileged position of the German Officers' Corps went untouched—that Corps "which has blighted like a pest every green shoot of modern thought

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and progress that might otherwise have taken root in Germany" (p. 143). The methods of selecting and educating the German officer remained in effect unchanged. As a result, "the German officer was and is always both bestial and malicious, and the flowering of the Nazi is the efflorescense of his decay" (p. 251). The officials of the Second Reich were the slaves of the Reichswehr and the Officers' Corps. The Red menace was used to dull Allied concern about German disarmament when the menace never existed (p. 192), and growing tension between the British and French furthered the Army's ends (p. 134).

Brigadier General Morgan is a barrister who joined the B.E.F. in 1914 as a civilian to investigate German breaches of the laws of war. He was then appointed a staff captain and rose to the rank of brigadier in 1919, when he served with the Inter-Allied Military Commission of Control in Berlin. The present book is apparently based upon notes and other data which he had intended to publish earlier but voluntarily suppressed after the Pact of Locarno. The volume was published in England at the end of the war as a reminder of what happened last time. Part of the book recounts personal experiences, but on the whole it is devoted to demonstrating that the German people, and more particularly the Officers' Corps, did not possess democratic instincts, that brutality and viciousness were widespread and accepted, and that Hitler simply fulfilled Germany's "abiding passion for destruction" (p. 308). A second volume yet to appear is intended to deal more specifically with how General von Seekt and the High Command succeeded in circumventing Allied attempts to disarm Germany.

At least the mistakes today are not repeating Allied mistakes twenty-five years ago. The German industry which survived the war has been dismantled in large part, the German High Command has been abolished, and the Army disbanded. The entire country has been occupied, and partition prevents any unity of German opposition to the Allies. Whether we have created new and even more perplexing problems than those of 1920 remains to be seen.

JOHN D. MILLETT

The New Europe: An Introduction to Its Political Geography. By WALTER FITZGERALD. Second Edition. New York and London, Harper & Brothers, 1946.—xvi, 298 pp. $2.75.

This study by a professor of geography in Victoria University of Manchester, England, is admirable in conception and execution. Undoubtedly the author was prompted to write this book (the first edition appeared in Great Britain shortly before the cessation of hostili-

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ties) with the thought that it might contribute to the understanding and, hence, to the solution of many political-territorial problems emerging from the war. It is based upon a very broad knowledge and is remarkably concise. The student making his first excursion into the field of European political geography will find it particularly worth while.

Fully half the text is devoted to the chapters on "Frontiers of Nationality in Central and Eastern Europe" and "The Partition of Europe after the First World War". Both are unusually competent although there will be not a few who will take issue with some of Professor Fitzgerald's conclusions. There is a short chapter on the nation states of western Europe too brief to be of real value, a sympathetic and informative analysis of "The Soviet Experiment in Political Geography", and two suggestive chapters on Europe's relations with the rest of the world and on outstanding geographical questions of contemporary Europe. The latter is particularly valuable for its analysis of the German, French and Italian questions. Suggestive bibliographies follow each chapter. These would have had greater value to the reader just being introduced to the study of political geography had they been critically annotated. Although the text includes twenty-eight sketch maps, it is to be regretted that there are not at least a few physiographic maps of larger dimensions. Much will inevitably be lost to the reader who does not have ready access to a good atlas.

Professor Fitzgerald must be included in that company of scholars who believe that transfers of populations may go far toward solving the complex problems arising from the interpenetration of diverse nationalities in central-eastern Europe. At least, he specifically recommends that "the entire East Prussian population . . . the Germans of Danzig . . . and . . . the German citizens of Memel-land . . . be moved to the main body of Germany" (pp. 145-146), a procedure which has already been followed. This the author believes to be the "only . . . decision which, if it will not secure peace, will make peace a reasonable possibility" (p. 145) in the future relations between Germany and Poland. The conclusion is debatable and, indeed, in the reviewer's judgment, extremely doubtful. Were the principle of transfer to be given general application—Professor Fitzgerald, incidentally, does not attempt to apply it so positively elsewhere—the consequences in individual misfortunes alone, many times multiplied, could hardly fail to accentuate rancours and hatreds which would breed future conflicts. If there is to be a peaceful solution of the problems deriving from rival political nationalisms in Europe, it will need to be found

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in methods which minimize rather than emphasize national differences. This may be momentarily impossible in view of the quite understandable hatreds and suspicions which the recent war generated, but it is scarcely wise to foster the illusion that expedients which seem presently unavoidable will necessarily provide the foundations for more durable peace.

C. GROVE HAINES

SCHOOL OF ADVANCED INTERNATIONAL STUDIES
WASHINGTON, D.C.

The Great Retreat: The Growth and Decline of Communism in Russia. By NICHOLAS S. TIMASHEFF. New York, E. P. Dutton & Co., Inc., 1946.—470 pp. $5.00.

Professor Timasheff's latest book presents an hypothesis regarding the nature of the development of the Soviet state and attempts to support the theoretical view by reference to the actual development of the U.S.S.R. in all major fields of human endeavor: economics, politics, art, culture, morals, etc. In support of his hypothesis, the author presents an excellent over-all summary of events in the U.S.S.R. and brings together in one convenient place much information not readily available to American readers.

The basic hypothesis presented is that the Communist Revolution came as a shock to the dynamic and rapidly progressing social structure of pre-revolutionary Russia. All later development has been essentially a conflict between the new revolutionary impulses and the forces of national tradition, with the latter winning out in the last decade and likely to continue dominant in the future. A corollary of Professor Timasheff's view is the notion that much of the progress achieved under the Soviet régime would have been achieved without a revolution since many of the goals attained since 1917 are at about the levels one would have expected if pre-revolutionary rates of growth had been maintained over the 1920's and 1930's. The conflict which is central in this thesis is most typified by what Professor Timasheff sees as the four major periods of Soviet history: Civil War and War Communism, 1917-1921; the period of the New Economic Policy, 1921-1929; the period of the "Second Socialist Offensive", 1929-1934; and the period of "The Great Retreat", covering all the years from 1934 to the present.

With Professor Timasheff's review of Soviet development, one can quarrel mainly over questions of detail and emphasis. In major outline his description of the facts seems fair and accurate; and he does not hesitate to present facts and patterns of development which do

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not coincide perfectly with his own schemata. His realistic discussion of actual developments is recommended reading for all who wish to have an accurate notion of life in the U.S.S.R. and not merely a picture painted by professional friends or enemies of the U.S.S.R.

One wonders whether Professor Timasheff may not have changed his mind about some of his predictions, in the light of events since the book was written. Perhaps the major prediction he makes is the statement that it is "rather probable that the Russian Revolution will remain a four phase process—in other words, that no Third Socialist Offensive will follow the Great Retreat" (p. 413). This would seem questionable in view of the current emphasis upon the Fourth Five Year Plan, the repeated campaigns of socialist competition since V-E Day, and the renewed emphasis upon the socialist theory of capitalist development in Stalin's and other Soviet discussion of the world about them.

A second prediction that does not seem borne out by recent events is Professor Timasheff's view that Moscow would "frown" upon attempts of foreign Communist parties to win power. It is well known that such people as Pieck, Togliatti, Rakosi, Thorez, Dimitrov, Pauker, and others came from their wartime hibernation in Moscow to take over control of the Communist parties in their separate countries. The coöperation between the U.S.S.R. and the national Communist parties has become more marked with time and more open than it was during the period of "The Great Retreat". The Soviet shipment of grain to France before the elections; the Soviet support of minority Communist parties in all the Soviet-occupied areas, and particularly the sponsorship of the Socialist Unity Party in Germany; the occasional favorable public references to non-Russian Communist parties by various Soviet leaders; the close integration between the interests of Soviet foreign policy and the policies urged by various national Communist parties for their own countries; the only half-hearted concealment of Soviet connivance with Communist or Communist-dominated parties in Japan, Iran and Manchuria—all these and other straws in the wind indicate that Professor Timasheff's belief in the actual debility and death of the Third International and of the Soviet interest in World Communism was premature, at least.

Despite the criticisms above, this book is a useful contribution to the current literature on this topic, and can be profitably read by those interested in a general discussion of Soviet society over the past three decades.

HARRY SCHWARTZ

SYRACUSE UNIVERSITY

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Suitors and Suppliants: The Little Nations at Versailles. By STEPHEN BONSAL. Introduction by Arthur Krock. New York, Prentice-Hall, Inc., 1946.—xvii, 301 pp. $3.50.

This is not, despite Arthur Krock's declaration in an otherwise admirable Introduction, the story of the unsuccessful efforts of the small nations at Paris to remove themselves as the occasions of war. It is the story of their unsuccessful efforts to obtain their national objectives—largely territorial—regardless of their neighbors and of world-scale plans to keep the peace.

Colonel Stephen Bonsal, once one of James Gordon Bennett's great foreign correspondents, was peace conference aide to Colonel House. Wilson instructed him to keep a careful diary. *Unfinished Business,* sections of the diary telling of the forging of the League Covenant, came out in time to shed light on Dumbarton Oaks and San Francisco. *Suitors and Suppliants,* more of the diary, was designed to do the same thing for the Paris Peace Conference of World War II.

The editing is as effective as the timing. Item after item bears an alarming resemblance to the sort of notes some United States diplomat will presumably publish a generation hence revelatory of Paris, 1946. Then, as now, there were the French worried most of all about the defense of the Rhine frontier, the Arabs quarreling with the Zionists, the Italians tangling with the Yugoslavs. Once, apparently without too many inner qualms, Bonsal told a diplomat from a little nation: "You must place your trust in the League of Nations. . . . It will be vigilant and always ready to smash the land-grabbers. It will be watchful and ready to curb any movement that threatens the peace of the world." But will any American in Paris in 1946 dare to make any such pledge?

As the Peace Conference opened, Bonsal was a bit piqued to find an important Italian delegate "still living in a world of power politics, of key positions, of strongholds heavily fortified, of spheres of 'legitimate' influence." Then came the long, interminable months of nationalist haggling. On the inside, Bonsal knew that Orlando of the stormy scenes and dramatic departures had admitted privately that intrinsically Fiume was not very important but that as a symbol for the flag-wavers it was vital to his continuance in office. Lloyd George had revealed at a secret session that he was backing Russian monarchists. Eventually the Americans became so tired and depressed that House was overwhelmed with delight when M. Bourgeois of France caught a bad cold and could not pontificate, and Bonsal, after

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an appeal to the big Four by Paderewski, noted in his diary that he had been heard but not listened to.

Suitors and Suppliants will henceforth be among the historic documents to be studied for the better understanding of peacemaking. Yet it fails to provide a signpost to the way to real peace; for the nationalist issues struggled over at Paris in 1919, and again in 1946, are not of the essence of peace. *Unfinished Business*, Bonsal's earlier volume, dealt with the pertinent matter: world organization.

It must be added that Bonsal's good humor on the most dismal days, and particularly his readiness to sacrifice his reputation as a diplomat in order to tell a fascinating inside story, make his book far more interesting and real than the usual diplomatic memoir. It was in the midst of the Fiume crisis that Clemenceau made the sort of remark not to be found in collections of state papers and treatises based too much upon them: "Have you ever thought, my dear House, how absurdly patient the poor hoodwinked people are? Rarely, very rarely, do they hang a diplomat."

ALAN CRANSTON

WASHINGTON, D.C.

A Few Brass Tacks. By LOUIS BROMFIELD. New York and London, Harper & Brothers, 1946.—303 pp. $2.75.

Probably the only reason this book was published is that the author is one of America's top-flight novelists. There is certainly nothing new or startling in the contents. The few fundamentals that the author states with sometimes wearisome repetition have been more clearly set forth by others. It is some advantage to have them repeated, if Mr. Bromfield's name prompts any of his fiction clientele to read the book.

One of Mr. Broomfield's "brass tacks" is the fact that money is a tool, not real wealth, which is made up of usable natural resources and products and the goods processed from them; thus monetary manipulations such as the Bretton Woods plan are of little value in meeting the world's problems since these problems have to do with the distribution of real wealth. Comparably, little is to be expected of the United Nations if it remains a purely political agency and fails to grapple with the economics of the world's life.

Another emphasis is the foundational character of all agriculture. The reviewer, a rural sociologist, is not disposed to underrate the importance of agriculture in the national and world scenes, but never has he seen agricultural fundamentalism carried to such lengths as Mr. Bromfield does. After all, the efficient, profitable agriculture which

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Bromfield wants depends on manufactured goods, modern transportation, and many other things. There is little hint of the factor of interdependence. Indeed Mr. Bromfield might almost be labeled an extreme decentralist. The cities are all bad and horrid.

The author believes that more than any other nation Russia has grasped some of these fundamentals, especially the concept of real wealth. The statism of Russia he abhors. The failure of England and the United States to understand what wealth really is leads to crises inadequately met by monetary tinkering, which is bound to lead to statism and destroy our democracy. He hopes the logic of Russia's economic thinking over the generations will make this nation more democratic.

Mr. Bromfield says the book is "no more than the thinking aloud of one man who makes no pretensions at being a specialist in economics." This befitting modesty does not carry beyond the first page. The book is filled with dogmatic assertions presented as facts. Government research results that appear to support his contentions are used; those which do not are dismissed as politically skewed and motivated. There are many contradictions in the book which a longer review could point out. Moreover a few of Mr. Bromfield's brass tacks have not been such since the Middle Ages, if indeed they were then.

This is not to say that there are not valuable sections in the book. The analysis of the artificial and harmful policy with respect to cotton forced on the United States by the southern Congressional contingent, and its cost to the nation and the South, is very well done. So are the emphasis upon, and description of, the measures and needs of Soil Conservation. It is unfortunate that some of the other illustrations Mr. Bromfield uses are not as well used. Indeed on one, the functioning of the Agricultural Adjustment Act, he does not even state the facts correctly.

EDMUND DES. BRUNNER

Essays on Government. By ERNEST BARKER. Oxford, at the Clarendon Press, 1945; New York, Oxford University Press, 1946. —viii, 269 pp. 15s.; $4.25.

From his stock of occasional pieces Ernest Barker has culled what he considers eight of his best essays on government. The first four essays, all written since 1941, primarily as periodical material, are expository of modern British and French government. It is his thesis that the

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collaboration of France and England—always with their great ally in the Western World—is the "way of ways to the general diffusion of that rational system of parliamentary government which is demanded by the dignity of human reason and the freedom of the human spirit." Fortuitously years of scholarship have left the Cambridge professor in a mellow mood of patriotism, with the matured conviction that that government is best which most nearly resembles the British Constitution. In a studious justification of British monarchy, he marshals persuasively the arguments of logic and utility, particularly in foreign and imperial affairs. Then without apology he puts his own preference on sentiment, for he perceives that pomp and pageantry in the national economy pay well in "dividends of the spirit". Professor Barker has always had a personal penchant for the late eighteenth century, the period on which he regularly lectured during his tenure of the chair of political science at Cambridge. He himself is a liberal with a political philosophy firmly grounded on democratic individualism. An ardent idealist, who likes his politics cloaked with aesthetics, he quite frankly makes oratory an important criterion of British statesmanship; hence it is not surprising that he should choose, as "the shining type and example" of British statesmen, the younger Pitt, who had the "courage of hope" and the ability to communicate his courage to others.

Three of the essays, one on Blackstone and two on Burke, make brilliant use of the biographical technique to develop the historical background of political ideas. His astute analysis of "Blackstone on the Constitution" is especially of interest to American students; it is to be regretted that he did not fulfill his intention to expand this into a more comprehensive survey of the conflict of legal theories on both sides of the Atlantic in the times of the American Revolution. "Burke and his Bristol Constituency" with its many purple passages, delivered as a lecture at the University of Bristol in 1931, must have dazzled it auditors. The setting is both dramatic and romantic; the portraiture is singularly discerning; here is creative scholarship at its best. The second essay on Burke is almost too effusive though this is explicable and probably pardonable since it was written in connection with the 150th anniversary of the French Revolution. These biographical studies, however, are fragmentary, teasing excerpts from what might have been his greatest works. The last of the essays is one of a series contributed to a collection of addresses given at a Conference on the Church and Community at Oxford in 1937. It is a rather ponderous "reflection" on the relation between church and

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state with sympathetic treatment of the spiritual aspects of political society.

Though the author in his Preface claims for the essays "some unity of view, of subject matter and style", they still seem somewhat miscellaneous to this reviewer. While they are not "lesser works", their merit has not been augmented by collective publication. They remain what they were intended to be, short articles, hour lectures, chapters of biographies in embryo. They do not add to the great stature of Ernest Barker but they are distinguished as a matter of course by his fine writing and meticulous standards of historical research and political science.

MARIAN D. IRISH

FLORIDA STATE COLLEGE FOR WOMEN

The Management of Your Government. By HAROLD D. SMITH. Foreword by Eric Johnston. New York and London, McGraw-Hill Book Company, Inc., 1945.—xiii, 179 pp. $2.50.

Though published before his recent resignation, this slim and lucid volume by the former Director of the Bureau of the Budget of the United States government serves admirably to punctuate his retirement from that office to accept the Vice Presidency of the International Bank for Reconstructon and Development. During his seven-year tenure in that key administrative post Mr. Smith had numerous occasions to think out loud about his job before various civic and professional groups, describing the new rôle of the Bureau in the national government under the plan of executive reorganization which became effective on July 1, 1939 and the growing significance of the federal budget in the national economy as a whole. What he has done here (with assistance from S. McKee Rosen) has been first to make a judicious selection from these addresses and then by skilful revision and condensation edit them so that, as printed, they enable the student of administration (and the citizen who wants direct light on how the public business is managed) to get at the essence of his thought conveniently and with dispatch.

Of its thirteen chapters several "review the record" of governmental management during recent years and in these the author takes justifiable pride in noting the achievements and advancements registered by the profession of which he has been, and is, so distinguished a member. Readers of this journal will probably find their best "meat" however in those sections of the volume in which he analyzes the major facets of the Bureau's work, current and prospective, and in which he spotlights certain defects in American public administration.

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"Management Agency for the President" (chapter v) portrays the day-to-day operations of the Bureau with exceptional clarity. Certainly there is not in print anywhere a clearer or more easily understandable description of what the now approximately 600 members of its staff have been attempting to do under the new dispensation, which is to say since the creation of the Executive Office of the President in 1939. Yet the chapter is inadequate of itself to convey a full and vivid appreciation of the dimensions of the Bureau's tasks as they seem destined to develop in the post-war period. The problems of governmental fiscal management grow steadily more complex and the Bureau is expected to adapt itself quickly—and quietly—to meeting whatever new demands may be laid upon it. For the insight they give into this dynamic side of budget administration the two closing chapters are especially valuable. One is entitled "Government Planning for Postwar Employment", the other "The Nation, Its Budget and the Future".

Two or three chapters make an effort to set out some of the basic elements in the theory of budgeting in a democratic polity, one of which, titled "The Budget as an Instrument of Legislative Control and Executive Management", deserves special mention. From the standpoint of legislative control Smith declares budgeting includes eight principles (each of which, he opines, "is frequently violated by those who prepare the budget, those who enact it, or those who execute it"). These are, in brief, the principles of (1) publicity, (2) clarity, (3) comprehensiveness, (4) budget unity, (5) detailed specification, (6) prior authorization, (7) periodicity and (8) accuracy. From the standpoint of executive management he then outlines eight other principles, emphasizing however before he begins that they are tentative in character. These eight embrace: (1) executive budget programing, (2) executive budget responsibility, (3) budget reporting, (4) adequacy of budget "tools", (5) multiple, that is diversified, procedures for differing operations, (6) executive budget discretion, (7) flexibility in timing, and (8) two-way budget organization. Obviously, as the author hastens to observe, certain propositions in the first list are contingently inconsistent with certain others in the second. They reflect approaches from the differing—though not necessarily conflicting—points of view of the legislature and the executive. Effective budgeting requires their honest reconciliation—a problem we are still some dstance from having solved in the United States.

The foregoing paragraphs assay, it will be understood, only the larger and more manageable nuggets in the volume. Every chapter offers its dividends. Among them, to cite but a few, are Smith's

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pointed understatement (p. 12) that "in periods of vacillating legislative policy, management may appear ineffective"; his insistence in the chapter on "Administration and Planning" that planning has been required "from the Pyramids to the Pentagon" coupled with his demonstration that it is, and must be, part of both the legislative and the administrative process; his straightforward criticism of "management experts" (p. 28) for their frequent "preoccupation with techniques" to the neglect of "what the administrative machine is supposed to accomplish"; his persuasive appeals to leaders of state and local governments on behalf of a genuinely coöperative federalism; and his recurring emphasis on the many common elements in business and governmental administration.

Mr. Smith began his professional career in the field of municipal administration, then moved on to service with the State of Michigan whence he won promotion to Washington. His record stamps him as one of our ablest public administrators. We are fortunate to have this clear statement of the code by which he has worked and this warm testament of his faith in the prospect for increasingly efficient governmental management in the United States.

JOHN A. VIEG

POMONA COLLEGE

The Roots of American Loyalty. By MERLE CURTI. New York, Columbia University Press, 1946.—x, 267 pp. $3.00.

Professor Curti here concerns himself with what has been one of the compelling forces in the lives of modern men, if we take "modern" to refer at least to the period since the Industrial Revolution. Loyalty to country is a concept which means and has meant different things to different people, but in our own period there have thus far been at least two moments in time when the question has been bluntly and officially asked, "Are you for or against?" It is a question which has, for better or worse, revealed in their true perspective the outlooks of large numbers of American citizens, and defined their character in our civilization.

The questions which Professor Curti has asked with respect to his theme have been the correct questions, and he has undertaken to answer them in the spirit of thorough scholarship, consulting in the process the relatively few secondary studies available, and also large quantities of pamphlets, essays and correspondence, some collected and others uncollected. He has made inquiry into the components of loyalty: the growth of local, sectional and colonial loyalties; pride

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in an ever stronger tradition of habit and familiarity; a conviction of destiny; and the several other factors which entered into the War of Independence. The story becomes somewhat complex when it appears that those who actively opposed British rule in America were not equally inspired by a vision of a separate people (superior, needless to say, to the old amalgam), but by numerous other motives as well, some of which were patently selfish. How, for example, estimate the "patriotism" of men who stood to gain financially if the gamble of revolution succeeded? Or the "unpatriotic" attitude of apathetic Continental soldiers?

No defender of the patriotic posture would admit that it fostered unworthy human impulses. To be sure, the more reasonable upholders of the Alien Act, Know-Nothingism, the American Protective Association, or the more recent Ku Klux Klan would argue their right to be exclusive, or assert that their particular ideas of what constituted good citizenship were the only valid ones. But setting these aside (though not forgetting them), the difficulty in estimating the quality of patriotism manifested by a person, a party, or the nation as a whole at any given time lies in the fact that there are likely to be several motives coiled in and important to an action in question. Thus, Professor Curti observes that Hamilton's program in the early years of Washington's administration had, in the main, a twofold purpose: "It was meant to bind the commercial and financial classes to the new national government. It was also intended to create and expand a national economy" (p. 99). For various reasons, a critic of Hamilton might argue from these facts that Hamilton's patriotism did not warrant unqualified approval. But the critic would be in the position of accepting the benefits of patriotic services while repudiating responsibility for the methods by which those benefits were attained. We do not return America to the Indians. We do not revert to the confederate form of government; or give Texas back to Mexico; or let our erring sisters go; or urge Cuba and the Philippines upon Spain. What is done cannot be undone, it seems; but there is the hint of an admission that much has been done which could have been done worse. It is understandable, at least, why the great doers are still honored in America, and will be, and why those who upbraided them must be thought of, by those so inclined, as balance wheels, or moral forces for betterment, or perhaps, sometimes, merely as birds twittering about the solid shoulders of the statesmen.

Professor Curti cites numerous examples of pride of place, of conviction of great destiny, and other attributes of loyalty. He also

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traces its establishment as a permanent feature of American life through tests provided by such crises as the Hartford Convention, the nullification ordinance of South Carolina, and the Civil War. He subjects to analysis the economics of loyalty, a topic which takes us into a nether region of motive and intent. All such factors, however, are common to many modern nations, and the question would still be how the history of *American* loyalty might be evaluated, that is, comparatively. Professor Curti suggests that America, which has asserted democratic ideals and a high destiny, might provide "an even larger freedom at home, an even stronger hope for the world" (p. vii). This can be readily granted. It is evident, also, that he believes further detailed work can still be profitably done in various aspects of his subject. The following suggestions are offered as a contribution to such research, which might, conceivably, affect ultimate conclusions.

First, it may be that more detailed analysis of individuals who transgressed their own economic or other lesser loyalties might still further contribute to our understanding of native patriotism, its persistence and its strength. Thus, Henry C. Bowen, New York business man and proprietor of the *Independent,* suffered bankruptcy as a result of his antislavery convictions. Incidentally, it is noteworthy that his religious beliefs made it impossible for him to follow the easier paths of expediency.

In the second place, the strength of patriotism may lie, at a given time, not so much in itself, as in the weakness of disloyalty. Professor Curti has given his attention to this aspect of his theme, but he would probably agree that it can be further explored to a purpose; and it might be emphasized that the term disloyalty is not necessarily invidious: one can call it, with James R. Angell, a "higher patriotism". Garrison has not been without honor in his own country, despite his stand on the Mexican War. Randolph Bourne has been highly esteemed by many persons, including some who were in utter disagreement with his pacifist and internationalist principles. It appeared that Bourne, in his time, overestimated the strength and substance of the movements on which he based his program.

The entire subject has, it would seem, some relevance today. There is a long and swelling line of expatriates and malcontents who have demanded attention, and whose attitudes and accomplishments merit consideration, beginning with well-to-do or aspiring seekers of the beautiful and true, and ending, most recently, in Ezra Pound.

LOUIS FILLER

ANTIOCH COLLEGE

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Alexander Hamilton. By NATHAN SCHACHNER. New York and London, D. Appleton-Century Company, 1946.—vi, 488 pp. $4.00.

It has long been a minor national scandal that we possess no biographies of the founding fathers—Washington, Jefferson, Hamilton, or Madison—which are definitive, and few which can even charitably be described as " standard ". Nathan Schachner, author of a biography of Aaron Burr, has undertaken to improve the situation with this new one-volume life of Hamilton.

In his project Mr. Schachner has encountered formidable obstacles. Hamilton is a paradoxical figure, difficult to explain or comprehend. Born in illegitimacy on a remote Caribbean island, he went to pathetic lengths to establish aristocratic ancestry and to identify himself with the first families of the United States. Although convinced that the federal Constitution was " a frail and worthless fabric ", he became its most eloquent and persuasive proponent. Although his admiration for Great Britain and her institutions was almost unbounded, he strove, as a lieutenant-colonel in the Revolutionary War and as Secretary of the Treasury in Washington's cabinet, for the political and economic independence of his adopted land. Philosophically and politically poles apart from Jefferson, he nevertheless took the step which made the Virginia gentleman President of the United States. Frankly anxious to accumulate a fortune, when he practiced law he charged extremely modest fees.

As Mr. Schachner has found, Hamilton possessed traits at once repelling and attractive. A philanderer, often on a sordid level, a statesman not above using his office to aid the speculations of his friends, Hamilton was at the same time witty, charming, courageous, and willing to sacrifice the greater part of his lifetime to the public service. He was fascinating in the way that all brilliant, self-made men are fascinating.

Another obstacle Mr. Schachner faced is the fact that Hamilton has become the symbol of a point of view toward political and economic problems—a point of view that has been out of fashion during the past decade and a half. It is supererogation to observe that Hamilton had none of the idealism and humanitarianism of Jefferson; the truth is that much of his " realism " was so extreme as to disgust even the majority of present-day conservatives. He was, nevertheless, a genius in the field of politics and economics. Many of his constructive policies have been taken over, without acknowledgment, by his political opponents.

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In picking his way through these biographical pitfalls, Mr. Schachner has been content simply to describe what Hamilton did, seldom analyzing, almost never interpreting. Only rarely does he allow himself a phrase or a sentence of cautious, temperate comment. At the conclusion of a major episode of Hamilton's career—as, for example, at the end of his service as Secretary of the Treasury—he gives only a brief, matter-of-fact summary of the record. Neither at the start nor at the end of the volume does he attempt to explain the personality of Hamilton or his place in history.

Mr. Schachner's style is terse, lucid, but undistinguished. For his source material he has made critical use of virtually all the pertinent manuscript material in the United States. He has brought to light a number of significant documents and has effectively demonstrated what students of the period have long suspected, that H. C. Lodge's edition of Hamilton's *Works* is far from complete and not always accurate.

Although Mr. Schachner's reading in secondary material has obviously been wide, his book would have been better if he had made greater use of certain articles and books published within the past decade. The evidence presented by Harold Larson in the *American Genealogist* last year that Hamilton was born in 1755, two years earlier than had previously been supposed, makes his youthful record more credible, although still remarkable. The writings of Bernhard Knollenberg and others suggest that the "Conway Cabal", about which Mr. Schachner has much to say, was only a myth. Mr. Schachner does not mention the now well-established fact that Tench Coxe framed the basic draft of the *Report on Manufactures*, nor does he present adequately the relationship between Hamilton and Coxe. Several recent publications make it probable that Mr. Schachner errs in speaking of a national "party" in opposition to the Federalists as early as 1792. Moreover, if Mr. Schachner had assimilated thoroughly the information presented in such volumes as T. C. Cochran's and E. W. Spaulding's histories of New York in the Confederation period, E. P. Link's account of the democratic societies, and L. D. Baldwin's story of the Whiskey Rebellion, the background of Hamilton's time would have been clearer and more accurate. There are occasional evidences of carelessness, such as referring to John Beckley of Virginia as a congressman from Pennsylvania instead of clerk of the federal House of Representatives (p. 302), and failing to give in the footnotes the promised documentation for an important statement (p. 392).

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On the whole, however, Mr. Schachner has written a readable, judicious, well-proportioned, and reasonably thorough life of Hamilton which may well remain for some years the standard biography of the greatest American conservative.

New York City RAYMOND WALTERS, JR.

The Masters and the Slaves: A Study in the Development of Brazilian Civilization. By GILBERTO FREYRE. Translated from the Portuguese by Samuel Putnam. New York, Alfred A. Knopf, 1946.—lxxi, 537, xliv pp. $7.50.

This is a book (entitled *Casa Grande e Senzala* in Portuguese) with which those who are interested in social studies of Latin America have been familiar for years and it is a real pleasure to have it appear in English so that it will now reach a wider audience. Samuel Putnam, to whom we already owe the English translation of Euclides da Cunha's *Rebellion in the Backlands*, has made a very readable and scholarly translation. The essential thesis of Freyre's study is that much of Brazil's distinctive national culture results from the society formed by the Portuguese on the northeastern coast of Brazil in colonial times. It was a rich society based on the production of sugar which the world was anxious to receive; it was controlled by strong patriarchal families, and labor was supplied by imported African slaves. The Portuguese colonizer, with a minimum of race prejudice, mixed freely at first with the aboriginal Indian women and later with their numerous Negro slaves. Each of the three peoples—Portuguese, South American Indian and Negro—made important contributions to the social life of the times and ultimately to Brazilian national life. Freyre describes this mixing of races and of cultures not only in formal terms but also in terms of personal attitudes, of its effect on intimate family life, of its effect on Brazilian cuisine, and so forth. Furthermore, he cites specific cases mentioning the names of aristocratic families who are still well known in Brazil and he draws heavily on the accounts of contemporary eyewitnesses. For example, in describing the stern tyranny of the patriarchs and the tendency for frequent marriage between relatives to prevent dispersal of property, he writes: "Everything indicates that this was the objective of Jeronymo de Albuquerque, patriarch of the Pernambucan family of that name, in marrying off his first sons—whom he had had by Dona Maria Espírito Santo Arcoverde, the little Indian princess—to the sisters of their lawful mother, Dona Felippa de Mello, daughter of Dom Christovão de Mello"

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(p. 356). He also cites the English visitors, Maria Graham and Captain Richard Burton, who were so shocked with such practices. Freyre points out the similarity between this plantation society of Brazil and that of our own ante-bellum South (pp. 278-279, 401-402).

Much has already been written concerning Gilberto Freyre and this study. Most of it has been glowing eulogy; and it is a great book, one of the greatest to appear in Latin America during our century. Yet it does have faults. Any specialist will find many points to quibble over and places where Freyre has not used sufficient criteria in his use of social theories. He has drawn on theories and data from history, anthropology, sociology, psychology, political science and geography and he, sometimes, shows himself to be a highly cultivated amateur in each field. For example, in the field of ethnology, which he draws on to show the aboriginal Indian contribution to this colonial society, he gives a list of the "principal traits" of the Indians from northeastern Brazil (p. 90) which has been taken from a book by Thomas Whiffen treating the northwestern Amazon—an entirely different and very distant area. Freyre might easily have made up his own list for the Indians of the Brazilian coast, since he obviously knew the excellent descriptions of these groups by early writers. Such glib statements as "Cowan is right when he sees the historical development of most peoples as being conditioned by the antagonism between nomadic and agricultural pursuits" (p. 52, referring to Andrew Reid Cowan's *Master Clues in World History*) occur throughout the book.

Brazil is a country of great regional differences, in terms of both historical development and cultural patterns. As a region, Freyre's northeastern coast, with its background of opulent riches from sugar, has a character all of its own. Other regions of Brazil, such as São Paulo, the arid Northeast, the Amazon Valley, and the extreme South, share many of the patterns described by Freyre but each also has a distinctive historical and social development. His analysis of the development of Brazilian culture in *The Masters and the Slaves* does not, in the reviewer's opinion, hold true for all of Brazil but it certainly contributes enormously to one's understanding of that country.

The first Brazilian edition of *The Masters and the Slaves* was published in 1933. It is too bad that Freyre has not gone to the trouble to make many revisions for the subsequent Portuguese editions and for the English edition. Some of his citations, while they are still essentially scientifically correct, are somewhat dated. He discusses mental testing for racial difference without mentioning the work of Otto Klineberg (*Racial Differences*, 1935) who is the leading student on the subject. He describes Franz Boas' work on the change of head

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form of immigrants with change of environment, but he could have mentioned in the later editions the work of H. L. Shapiro with Hawaiian-born children of Japanese which is perhaps the most exhaustive study of this kind.

Yet, this is a dramatic book. Freyre has had the courage, coupled with considerable erudition in the social sciences, not to respect the "lines" between the various disciplines. His field of research is rich and colorful and he has immersed himself in the material. He has written a vivid picture of the culture patterns in northeastern Brazil during the colonial period. Since these were important days and this was an important region in the formation of modern Brazil, Freyre's study does much to explain the distinctive aspects of Brazilian culture.

CHARLES WAGLEY

COLUMBIA UNIVERSITY

China and America: The Story of Their Relations since 1784. By FOSTER RHEA DULLES. Princeton, Princeton University Press, 1946.—vii, 277 pp. $2.75.

The close of World War II finds the government and consequently the people of the United States more deeply involved in the politics of eastern Asia than at any previous time in this country's history. This situation presents to the American public mind a host of perplexing questions with which it is ill-prepared to deal. Does our present position in our relationship with China have any understandable connection with historical American policies such as the open door and the integrity of China? What are our present interests in China, and will our traditional policies preserve these interests? It is perhaps not surprising that we have sometimes approached these questions with a lack of realism. Loose idealistic thinking woefully detached from history has sometimes seemed more convenient. A substantial segment of the American people has long had some acquaintance with the historical whys and wherefores of such traditional policies as the Monroe Doctrine; but relatively few Americans have a comparable historical understanding of the open door and the integrity of China as basic American concepts. Mr. Dulles has sketched on a broad canvas the major outlines of the story out of which these policies have grown and, in so doing, has attempted to give meaning to some of the major propositions that confront us in China today.

China and America is addressed not to the specialist but to a much wider public. The style is bright and the nontechnical reader will be reassured by the absence of footnotes. In reality this lack of docu-

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mentation is regrettable since the study deserves a wide and serious reading by college and university students whose attention should be constantly directed to sources. The very brief bibliography, so far as it goes, is excellent, but it omits many significant titles.

The emphasis throughout the study is on official relationships. Mr. Dulles is concerned primarily with permitting the narrative of events to explain the emergence of policy, and with showing the wide gulf which at times has separated policy on paper from policy which we were able or willing to implement, a case in point being the open door doctrine itself. The presentation of the historical narrative is remarkably free from errors of fact, and the excursions into the realm of interpretation are well balanced and critical. Possible exception may be taken to the view expressed (p. 133) that the American bankers in 1913 "were actually looking for a way out" from the Consortium. While this is the conclusion usually drawn from the official record, it is not likely to prove either so "final" or so "definitive", to use Hay's favorite terms, as we have usually supposed it to be.

Mr. Dulles recognizes that "our Chinese policy cannot be dissociated from our Far Eastern policy in general." Nevertheless, in centering his attention on China, he has been led to pass rather too lightly over some of the broader determining factors such as the bases of Japan's policy of "special position" and "special interests". These limitations, however, do not mar seriously this readable book. Mr. Dulles has presented little that is new in the narrative itself, but he has given us a new and substantially sounder perspective upon an old and very vital story.

PAUL H. CLYDE

DUKE UNIVERSITY

The Wilson Era: Years of War and After, 1917-1923. By JOSEPHUS DANIELS. Chapel Hill, The University of North Carolina Press, 1946.—xviii, 654 pp. $4.00.

Josephus Daniels, the Southern editor and President Wilson's friend and Secretary of the Navy, presents the fourth volume of his autobiography and his second on the Wilson Era. The part played by the United States Navy in the war, events in Europe after the Armistice, the fall of the administration from glory to defeat, Wilson's retirement and Daniels' return to his newspaper office are recalled with the aid of the author's diary and mulled in editorial notes. Daniels was devoted to Wilson the man, statesman and idealist, and his judgments depend upon his commitment.

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Shortly before his death, Wilson told the author: "Do not fear about the things we have fought for. They are sure to prevail. They are only delayed.... And I will make this concession to Providence—it may come in a better way than we proposed" (p. 637). This is the theme of Mr. Daniels' book. He finds the prophecy fulfilled in the Presidency of Franklin D. Roosevelt. Bold in exegesis of the "if" of history, he is sure there would have been no Second World War if we had joined the League of Nations. The lesser tragedies of Teapot Dome, scrapping of battleships and decline of the American merchant marine followed Republican reversal of Secretary Daniels' naval policies.

The author believes that not Wilson but the American people failed. He is still fighting charges that the President's breakdown incapacitated him to conduct his office. Remarks are quoted to show that Wilson disapproved acts of subordinates who "betrayed" him, but what President Eliot of Harvard called his "fierce and unlovely side" (p. 617) was reserved for the enemies without the administration. Mr. Daniels' devotion to his great chief does not lead to political insight or encourage startling revelations. When his Assistant Secretary, Franklin D. Roosevelt, faced analogous situations as President, he studiously reversed the tactics without changing the goals of Wilson.

In the sphere of Daniels' immediate authority, the naval historian is given a full measure of new material and insights. President Wilson is shown as a strategist who deserves credit for the convoy system and the North Sea mine barrage that defeated the U-Boats. The opposition of the British Admiralty to these measures, its schemes to subordinate American sea power and their temporary defeat in the "naval battle of Paris", data on the development of naval technology, and the entertaining quarrel between Secretary Daniels and Admiral Sims are described in satisfying detail. Incidentally, this volume proves the injustice of wardroom gossip that remembers one of our greatest Secretaries of the Navy only for abolishing the wine mess.

Humor, warmth, modesty and lively anecdotes make Mr. Daniels' book good reading in spite of confusing organization and careless writing. It does not provide the "inside" story of the Wilson administration and only on naval affairs does it supplement Ray Stannard Baker's biography of Woodrow Wilson and account of the politics of those years of war and peace. The student of politics will find it disappointing in proportion to its author's opportunity to throw light on the dark corners of the Wilson administration.

BASIL RAUCH

BARNARD COLLEGE

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Theory and Practice in Historical Study: A Report of the Committee on Historiography. New York, Social Science Research Council, 1946.—xi, 177 pp. $1.75.

This study is a challenging coöperative work that will serve admirably in courses in historiography and historical thought that happily have been finding their way into the universities. For its rôle in the preparation of the volume the Committee on Historiography of the Social Science Research Council merits more than thanks from students of history. True enough, there will be disagreement—and not merely of a trifling sort—with a number of points made in the volume. For all that, it is a hopeful sign that Clio is not yet taken for granted and that some of her practitioners still consider it necessary to attempt, in the words of Committee Chairman Merle Curti, "to help clarify thought about history and to aid historians in teaching and writing it."

In several parts of the volume the influence of Charles A. Beard looms large. But the Beard who speaks here will stir up no heated debates, for he centers his attention on what almost every historian recognizes as a need: more precision in the use of historical terminology. Dr. Beard himself, of course, takes pains to differentiate between history-as-actuality, written-history, and history-as-record. Favoring, moreover, the abandonment of terms like "cause" and "causality", he has unfortunately presented only a brief statement of the causes of his opposition to the use of causes in written-history. It is certainly to be wished that Dr. Beard will pursue his concern over a more exact terminology, to such a point, in fact, that he will lead even more vigorously the fight to overcome the difficulties in the way of the preparation of a dictionary of historical terms. Indeed, Sidney Hook's "Illustrations" in the present volume give rise to the hope that the date of the publication of such a dictionary will not be too long delayed by lack of funds.

What may quite possibly prove to be the most influential portion of the present volume is the chapter by Howard K. Beale on "What Historians Have Said about the Causes of the Civil War". Professor Beale deserves considerable commendation for his deft handling of a difficult subject. The fruitfulness of his efforts, it may be anticipated, will serve to encourage the reinvestigation along parallel lines of many another baffling problem in historical causation. A little transfer of training will provide a number of doctoral candidates with some admirable subjects for dissertations.

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The section that will doubtless call forth the most questioning is that by Professors J. H. Randall, Jr., and George Haines IV on "Controlling Assumptions in the Practice of American Historians". The oversimplified version they present of such "scientific" historians as G. B. Adams, Osgood and Andrews leaves something to be desired in the way of fair as well as accurate treatment. But above all it is their view of American historiography as having "come of age" with the recognition of "the functional nature of historical knowledge" that will occasion serious challenges. The historian-as-citizen will no doubt have his thoughts about the present, but if his task is to make written-history correspond as nearly as possible with history-as-actuality, then the historian-as-scholar must surely strive to submerge what concerns him now in the interest of what concerned others at some point in the past.

COLUMBIA UNIVERSITY HERMAN AUSUBEL

Propaganda, Communication, and Public Opinion: A Comprehensive Reference Guide. By BRUCE LANNES SMITH, HAROLD D. LASSWELL and RALPH D. CASEY. Princeton, Princeton University Press, 1946.—ix, 435 pp. $5.00.

This "Reference Guide" is a continuation of the work begun in an earlier volume by the same authors and published in 1935. The present book brings the bibliography up to date with more than 2,500 annotated references to the post-1935 literature. In addition there are four introductory essays on aspects of communications study and a list of "one hundred and fifty outstanding titles" (a sort of fifteen-foot shelf!) designed to "cover the field of public opinion analysis". Of these varied features the bibliographies themselves are by far the most useful to the specialist. The references are classified in accordance with a complete and intelligently devised scheme and the annotations are such as to save much time for those who use the book as a reference work. Furthermore, the biography is not cluttered up with references to useless material; most of the listed titles have some merit in relation to the progress of communications research.

The introductory essays, considering their eminent authorship by leaders in the field, are on the whole disappointing. Little new ground is broken and three of the four chapters are chiefly running summaries of, and commentaries on, some by now pretty well-known research developments. Ralph Casey reviews recent trends in the newspaper, magazine and radio industries with emphasis on the increasing con-

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solidation of ownership and standardization of output. He provides also a brief summary of the World War developments in international broadcasting and of the dissemination abroad of American periodicals. The essay contains a good many interesting facts and figures but little critical comment.

Bruce Smith attempts to arrive inductively at a composite picture of the personality characteristics found in the "political communications specialist" of our times. He takes as data the available biographical material on eight heads of states (Roosevelt, Hitler, Stalin, *et al.*) and their eight propaganda ministers and tries to find out what factors in a person's life history predispose him to become a mass propagandist. Despite an impressive array of tables of biographical facts about the sixteen "great men", the analysis seems to this reviewer superficial and the conclusions doubtful. Smith does, however, have some trenchant things to say about the problem of keeping people like Goebbels and Zhdanov under some sort of public control.

The first of Lasswell's two essays is a not-too-lucid summary of the method of content analysis developed by him and his co-workers at the Library of Congress. The second essay, on "Describing the Effects of Communications", is a running commentary and critique on methods of analyzing election totals, on public opinion polling techniques, and on clinical approaches to the study of propaganda impacts on individuals. There is a final attempt to tie all this in to learning theory and relate it to modern logical viewpoints, but the discussion in these latter and more novel parts of the essay is pretty condensed, and needs expansion elsewhere. Lasswell comes up with a "basic postulate" for communications research to the effect that "the probability of the occurrence of one response over another varies with the ratio of indulgence to deprivation." This "I-D ratio" is admitted to be truistic, but is offered as an aid to imagination and a stimulus to clarity of thinking in the field. It has apparently proved useful in Lasswellian content analysis but, like all dichotomies for pigeonholing data, its ultimate usefulness for communications research in general will depend on the insights it yields. The reviewer does not agree with Lasswell that the I-D ratio is now "the most general postulate on which practical and scientific work in this field proceeds".

JULIAN L. WOODWARD

NEW YORK CITY

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BOOK NOTES

A book so redolent of research, so accurate and detailed in presentation and so broad and significant in scope, must necessarily claim the respect of all interested scholars. Dealing with both free and bound labor, not including slave labor, *Government and Labor in Early America,* by Richard B. Morris (New York, Columbia University Press, 1946; xvi, 557 pp. $6.75), treats previously neglected phases of the subject exhaustively. A thorough knowledge of labor legislation from the Middle Ages through Tudor and Stuart times, and down to the end of the American Revolution was necessary to this study, and the author has demonstrated his ability in this field. Furthermore, his extensive search in the unpublished records of the local courts scattered through the colonies, and his elaborate presentation of evidence obtained therefrom, stamp his work with all the marks of authenticity. Yet the book is difficult reading, and one finishes it with the feeling that he has not been able to digest a great part of the information it contains. This is doubtless due to the legalistic nature of the work, and to the unnecessary multiplication of detail. Labor laws and customs developed from the British background, from the geographical, economic and social forces operating in the several colonies, and from the political developments which helped to shape the course of history in each of them. All of these factors must be taken into account if any single phase of colonial life is to be fully understood. Though the author has not entirely disregarded chronology and regionalism, he has subordinated them to a topical arrangement, and generalizations which cover nearly two centuries and thirteen governments are not entirely realistic. For instance, a single paragraph (p. 247) cites a Massachusetts code of 1668, a New York statute of 1760, a Virginia act of 1748, and Federal legislation of 1790, 1898 and 1915. This is treating time and place rather lightly; and one gets the impression that the historical background is not fully appreciated when David Rittenhouse is referred to simply as a Philadelphia cabinetmaker (p. 34). On the other hand, the author has pointed out the analogy which, despite revolutionary changes, exists between many colonial and present-day problems, and his painstaking work will be of great value to all who delve in the field of labor. THOMAS P. ABERNETHY, University of Virginia.

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In *Labor Unions and Municipal Employe Law* (Washington, National Institute of Municipal Law Officers, 1946; 583 pp. $10.00) by Charles S. Rhyne, the National Institute brings up to date its 1941 survey of law and experience on the same subject. The present work is much more complete and its conclusions somewhat more favorable to the actual aims of public employee unions—reflecting five years' pressure of fact on theory. One third of the book is taken up with summary and commentary on court decisions, constitutional and statutory laws, opinions of state attorneys general and of city attorneys, policies of some federal agencies, opinions of two labor lawyers, a report of one nongovernmental organization, and an inadequate list of references. In a variety of ways, these several viewpoints bear on the right of public employees to organize, affiliate and bargain, or on limitations of their rights regarding the strike, arbitration, closed shop and check-off. Despite its formidable nature, only a very small portion of the resulting summary can be said to reflect actual law in these matters. The summary leaves these definite impressions, among others: (1) the proprietary-governmental distinction is of little help to either side in the controversy; (2) the closed shop is not the critical point public officers often hold it to be; (3) the variety of legal situations and of practical needs modifying the public employer-employee relation varies so much across the nation as to make many general statements unwise and unhelpful; (4) above all, differentiation must be made according to the presence or absence of civil service jurisdictions. The remainder of the book contains supporting documentation and will be of considerable value to students, as well as to union and city officials. It gathers into one place the more significant sources for arriving at an informed judgment on legal opinion as to the possible and actual functions of unionism in public service. These sources include: court orders, decisions or opinions affecting eight cities; opinions of twenty-four state attorneys general; statements from twenty-two legal officers at the municipal level; and ordinances, agreements, rules or policy statements affecting public employment in fifteen familiar cases. The whole work leaves an inflated impression of the extent of actual law governing the employer-employee relation in municipalities, and a deflated impression of the extent of discretion enjoyed by individual municipal officials in setting the tone of that relation. In other words, problems presented by public employee unions need more than an academic survey of existing "law" even in the wide sense used in this study. Yet the book's value

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will be reflected in the fact that both sides to the controversy will put parts of it to use with considerable conviction.—JAMES J. MCGINLEY, S. J., New York City.

Continuing the current emphasis upon the farmer's early history warranted by the sheer weight of population statistics, *Landlords and Farmers in the Hudson-Mohawk Region, 1790-1850* (Ithaca, Cornell University Press, 1946; xiii, 347 pp. $4.00) by David Maldwyn Ellis has excellently filled a niche of landlord-farmer history. The study revolves about two related themes: the transition from pioneer farming to commercialized dairying, and the anti-rent movement. The first treats of population trends, the land system, farm production and marketing, land speculation, and the transportation network, all as interrelated factors contributing to this transition. The second, rooted in the first, includes the anti-rent war in relation to the National Reform movement and to New York State politics. Although Ellis' treatment of the economic facts of life tends to be somewhat tedious, interest quickens as he portrays the small farmer's resentment against the conditions of his existence. The farmer's hopes for betterment, stimulated by Thomas Ainge Devyr, Alvan Bovay, or Horace Greeley, were expressed in violent uprising and political action. Ellis' work encompasses a much greater range and depth than Edward P. Cheyney's study of anti-rentism. Furthermore, while lacking the color of Henry Christman's *Tin Horns and Calico*, it excels in meticulous scholarship and critical acumen. Athough warmly sympathetic to the small farmer, Ellis has not allowed himself to stray from the narrow path plotted by the known relevant facts. He has accorded the Livingstons, the Van Rensselaers and the Duanes as fair treatment as a judicious use of the sources permits. Nor has he allowed the strictures of angry tenants to deprive Governor Silas Wright of his reputation for integrity and devotion to liberal causes Although some may carp at Ellis' failure to ascribe the worst possible motives to the anti-renters, and others may cavil at the imputation of subconscious resentments to the recipients of the Patroon's kindness (p. 234) or at a few minor points of topography, nevertheless this published doctoral dissertation ranks as an important contribution to the farmer's history.—IRVING MARK, Brooklyn College.

"If we are to be effective in teaching Americans their place in the world," Professor Edgar E. Robinson argues in *The New United States* (Stanford, Stanford University Press, London, Oxford University Press,

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1946; viii, 141 pp. $2.50), "it is to be done not so much by teaching them the history of other peoples as it is by teaching them the history of their own America in this new world." But the American history he calls for is not, in some repects, the dominant pattern now used. This book, consisting of essays prepared from 1934 to 1946 and largely addressed to nonacademic audiences, does not pretend to work out systematically the revision he prefers. It does outline and argue for the changes he considers essential. Basically these are a much heavier emphasis on an "American habitat as wide as the world", on the last fifty years of American history in general, especially the intellectual history of the period between World War I and World War II, on geographic and population considerations, and on political activities. The last is particularly stressed because "the one continuous, all-important theme in the new history is the story of man's attempt to govern himself." Professional historians will probably be most interested in the introductory chapter (freshly written for this book), which pulls together Professor Robinson's thesis and is provocative in the best sense of the word. But the other chapters are not without their incisive comments on specific segments of American history, most notably in the treatment of the American radical tradition (chapters ii and ix), of the churches in American life (chapter v), and of the relationships of scientists to democracy (chapter vi). This reviewer wonders whether the heavy political emphasis called for might not pull the teaching and writing of American history back toward its state before several generations of economic and social scholarship had deepened its significance. Yet one cannot be sure, because of the generalities occasioned by the essay form of the book, that Professor Robinson's proposal necessarily implies more political history at the expense of less economic and social matrix.—ERIC F. GOLDMAN, Princeton University.

Italian Democracy in the Making: The Political Scene in the Giolittian Era, 1900-1914 (Philadelphia, University of Pennsylvania Press, London, Oxford University Press, 1945; xix, 148 pp. $2.50) by A. William Salomoné is an acute and scholarly analysis of the political scene in Italy during one of the most progressive periods of Italian political history. Within the compass of slightly more than one hundred pages of text, the author, basing his study on many hitherto unexplored sources, has packed the book with a wealth of material that will help the student of Italian history to get a clear perspective of the intricate, complex and difficult years that attended the formation of democratic forces in the peninsula. However, the material is so

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condensed that the reader who is unacquainted with the chief men and events may well find it difficult to follow their movements. Besides a useful chronology, an excellent annotated bibliography and a serviceable index, the book consists of nine readable chapters in which the author objectively examines the difficult problems that baffled Italian politicians of the period: the heritage of the Risorgimento; the parliamentary régime and its critics; political currents and parties; Catholics in politics; problems of Italian socialism; Reformists; Socialists; Nationalist crosscurrents; and finally Giolittism. From 1903 to 1914, with but a few brief intervals, Italian politics centered on the personality of Giovanni Giolitti who through corruption, intimidation and even murder was able to obtain absolute control of the Chamber of Deputies. Yet during his premiership Giolitti introduced many substantial improvements in the life of his country: (1) the reform of the educational system, including the direct administration by the national government of the elementary schools which resulted in the substantial lowering of illiteracy; (2) encouragement given to public works and agriculture; (3) state control of the railroads; (4) laws tending to improve the conditions of southern and central Italy; (5) passage of many social, labor and public health laws; (6) strengthening the defenses of the country by increasing the budgets of the army and navy departments; (7) the electoral reform which in 1912 gave the Italians universal suffrage. Moreover, while continuing Italy's participation in the Triple Alliance as an instrument of defense, Giolitti strengthened the bonds of friendship with England and France. Nevertheless, Italy's relations with Austria became strained as a result of the increasing force of the Irrendentist movement and the conflicts between the Italians and Slavs at Trieste and in Venezia Giulia. The most serious error in Giolitti's administration was his inability to check the changes that began to develop in the internal policies of the political parties. This situation not only led to their progressive deterioration but also strengthened the anti-liberal forces and the nationalist movement which, with their imperialistic and authoritarian policies, fought against the traditional forces of liberalism. It is small wonder that Italian democracy—even before it was able to attain maturity—was eclipsed by fascism! In his scholarly Introduction Gaetano Salvemini—a true historian by profession but in the days of Giolitti a political crusader of the noblest type—gives the necessary background for a proper understanding, interpretation and evaluation of this important period of Italian democracy. Looking back on the rôle he played during those years, Salvemini admits that he would have been the wiser had he been more moderate in his criticism of the Giolit-

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tian system, for, though Giolitti was admittedly far from perfect, he was not worse than many non-Italian politicians and less reprehensible than the Italian politicians who followed him. In the light of the subsequent history of Italy it is impossible to disagree with him.—HOWARD R. MARRARO, Columbia University.

As an "inquiry into the power position of Britain after two world wars", *Britain: Partner for Peace,* by Percy E. Corbett (New York, Harcourt, Brace and Company, 1946; 177 pp. $2.00), suffers somewhat from its brevity and an occasional lack of concreteness of statement. But it is a useful outline of Britain's position and prospects. The fullest part is that dealing with the relationship between the Commonwealth and British power. There is also a very cogent analysis of the origins and nature of the United Nations leading to the conclusion that this organization is extremely unlikely to prove a strong barrier to war or an effective prop to British security. Brief consideration is given to the economic position of the United Kingdom, to her relations with and hopes in western Europe, her relations with Russia, and her position and interests in the Near East. Running through all is a constant concern with Anglo-American relations. Perhaps the main conclusion drawn in Professor Corbett's analysis is that two world wars have shown the importance of British strength for American security so conclusively that the United States should be careful in its own interest to do nothing to weaken that strength. It may be argued, indeed, that Professor Corbett has written about Britain's position too exclusively from the Anglo-American angle. The relation of Russia's rise and position to Britain's declining power and the problems that lie in future Anglo-Russian contacts need further analysis. It is a weakness, too, that so little attention is paid to the Far East; while the economic factor ought perhaps to be analyzed in greater detail. In this respect, the book may be supplemented conveniently by George Soule's *America's Stake in Britain's Future.* Professor Corbett's own analysis is essentially political. It is, however, realistic analysis, conducted in the conviction that "self-regarding motives for action" are the only sound basis for policy.—THOMAS P. PEARDON, Barnard College.

The first volume in a new series sponsored by the Canadian Institute of International Affairs is *Canadian Representation Abroad: From Agency to Embassy* (Toronto, The Ryerson Press, 1945, Boston, Bruce Humphries, Inc., 1946; xx, 359 pp. $6.00) by H. Gordon Skilling. The author has provided an excellent analysis and description of the

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growth of the Canadian diplomatic service from the informal beginnings after the Confederation to the establishment by 1944 of formal relations with eleven foreign countries and with six members of the Commonwealth. The first three chapters survey this growth from the dispatch overseas of immigration agents in the sixties to the appointment of commercial agents and a Canadian High Commissioner in London in the seventies and eighties. Succeeding chapters describe Canada's relations with the Empire, the League and the Commonwealth, the establishment of legations in Washington and elsewhere, and the organization, activities and expansion of the Department of External Affairs since its founding in 1909. The concluding chapter discusses the factors which have accelerated or retarded the growth of external representation and outlines the problems which confront the Department today. It is the author's contention that the driving force behind the establishment of the Canadian service has been the specific needs which Canadians have felt at various times rather than the desire to achieve the prestige of equality of status with Great Britain. These needs were for immigrants, imports of capital, and foreign markets for Canadian raw materials and manufactures. The major political need was the assurance that Canadian interests would not be neglected or sacrificed by the United Kingdom. "The growth of Canada's system of external representation", Professor Skilling states (p. 234), "was a functional product, the creation of circumstances, and not the preordained evolution of the idea of responsible government, once that was vindicated in certain governmental spheres in the forties of the last century." Nevertheless, as a political scientist, the author does not fail to make the point that external representation has resulted in Canada's approaching an equality with Great Britain, not only of status which was recognized by the Balfour Report of 1926, but also of function. The result is a volume which will satisfy the political scientist as well as the historian. Professor Skilling's fresh material and new point of view enrich the familiar story of the emergence of Canada from the status of a colony to a status comparable to that of a sovereign state.—CHILTON WILLIAMSON, Barnard College.

For many years Dr. Alvin Johnson, Director of the New School for Social Research, was in the habit of writing editorials for the Bulletin of the school. A selection from these has been published under a title borrowed from the opening words of the first of them, *The Clock of History* (New York, W. W. Norton & Company, 1946; 253 pp. $3.00). History, however, is confined to the title. The writer lets

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his mind play freely over the contemporary scene, and the prevailing note of his reflections is one of optimistic liberalism. One would not expect, however, a tone of complacency or national self-satisfaction from Dr. Johnson, and one will not find it here. The liberal will find little that he cannot accept in these pages, but it is doubtful whether the fairly well-informed liberal will find much that is either new or very stimulating. These editorials undoubtedly served well the purposes for which they were written, but it is not often that a collection of *pièces de circonstance* merits reincarnation in the form of a book.—R. L. SCHUYLER.

The following volumes in COLUMBIA STUDIES IN HISTORY, ECONOMICS, AND PUBLIC LAW have recently been published, or are now in press.

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